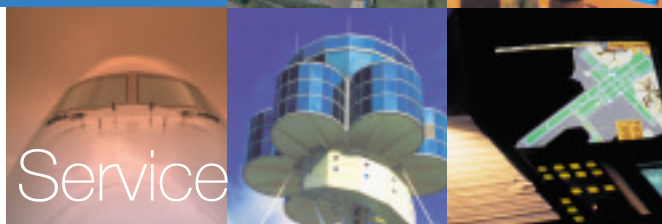
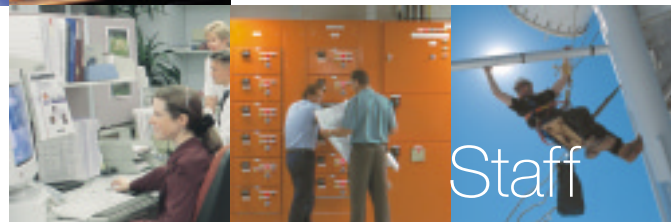


Safety



Service



Staff

ANNUAL REPORT 2000 – 2001



AIRSERVICES AUSTRALIA

AIRSERVICES AUSTRALIA

ANNUAL REPORT

2000 – 2001

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LETTER OF TRANSMITTAL

19 September 2001

The Hon John Anderson MP
Deputy Prime Minister and
Minister for Transport and Regional Services
Parliament House
CANBERRA ACT 2600

Dear Minister

The Airservices Australia Board of Directors hereby submits to you the *Airservices Australia Annual Report* for the period 1 July 2000 to 30 June 2001.

The Report of Operations and financial statements have been prepared in accordance with the *Air Services Act 1995* and the provisions of the *Commonwealth Authorities and Companies Act (CAC) 1997*.

Financial performance during the year was extremely strong, reflecting the benefits from the reform initiatives pursued by Airservices in recent years. However, as we finalise this Annual Report, a number of important factors affecting the health of the aviation industry are emerging. The placement into voluntary administration of the Ansett group of companies, combined with the terrorist events in the United States are significant. While the situation is still unfolding, clearly it will adversely impact Airservices' revenue base, and therefore financial performance, in the coming year.

Yours sincerely



JOHN PC FORSYTH

Chairman

INTRODUCTION

Annual reporting requirements

Airservices Australia is required by the *Air Services Act 1995* and section 9 of the *Commonwealth Authorities and Companies Act (CAC) 1997* to provide an annual report for tabling in the Parliament. The *Airservices Australia Annual Report 2000 - 2001* has been prepared in accordance with those requirements and the Finance Minister's Orders.

Powers and functions

Airservices Australia was established on 6 July 1995 as a Government Business Enterprise (GBE), under the *Air Services Act 1995*, with reporting and accountability arrangements set out in the *Commonwealth Authorities and Companies Act (CAC) 1997*.

In 1997, Airservices' status was amended to that of a Commercial Authority, which had some minor implications regarding the application of the CAC Act, but minimal impact on the organisation's ownership or governance.

Airservices' specific responsibilities include airspace management, air traffic flow management, air traffic control, traffic and flight information, navigation services, aeronautical information, search and rescue (SAR) alerting, and rescue and fire fighting in accordance with the Chicago Convention on International Civil Aviation.

Under the *Air Services Act 1995* (as amended), the organisation is responsible for performing the following functions:

- providing facilities to permit safe navigation of aircraft within Australian-administered airspace;
- promoting and fostering civil aviation in Australia;
- providing the following services, for the purpose of giving effect to the Chicago Convention or otherwise for purposes relating to the safety, regularity or efficiency of air navigation:
 - (i) air traffic services,
 - (ii) an aeronautical information service,
 - (iii) rescue and fire fighting services,
 - (iv) aeronautical radio navigation service,
 - (v) an aeronautical telecommunications service;
- co-operating with the Australian Transport Safety Bureau (ATSB) in relation to the investigation of aircraft accidents and incidents;

- performing activities to protect the environment from the effects of, and the effects associated with, the operation of Commonwealth jurisdiction aircraft;
- performing any functions prescribed by the regulations in relation to the effects of, and effects associated with, the operation of Commonwealth jurisdiction aircraft;
- performing any functions conferred under the *Air Navigation Act 1920*;
- performing any other functions prescribed by the regulations;
- providing consultancy and management services relating to any of the above matters; and
- Airservices may provide its services and facilities both within and outside Australian territory.

Directorship and governance

Airservices Australia is wholly owned by the Australian Government and is governed by a Board of Directors appointed by the Minister for Transport and Regional Services.

The Board is responsible for deciding the objectives, strategies and policies to be followed by Airservices. The Board ensures that Airservices performs its functions in a proper, effective and safe manner, and delegates responsibility for the management of the Corporation to the Chief Executive Officer (CEO) who is also a Director of the Board.

The Board has four committees to increase its effectiveness. Members of each committee are shown in the Directors' meetings table in Appendix 1. Each committee functions in accordance with a charter approved and reviewed annually by the full Board. They are as follows:

- The Audit Committee comprises three non-executive directors who meet at least four times a year. The Board Chairman is an ex-officio member of the Committee. The Committee advises the Board on all aspects of internal and external audit and the adequacy of compliance, controls and financial reporting.
- The Safety and Environment Committee consists of four non-executive directors. The Board Chairman and CEO are ex-officio members of this committee. Meeting monthly, prior to each full Board meeting, the Committee reports to the Board on the management of the organisation's safety and environmental responsibilities.
- The Remuneration Committee comprises the Board Chairman, as Committee Chairman, a Board member and the CEO. The Committee meets at least twice a year. The Committee conducts annual reviews of Executive Director remuneration (including the CEO) and provides guidance to the CEO on the remuneration of Executive Committee members. In addition, the Committee develops recommendations to the Board on CEO succession and has the responsibility for monitoring the establishment of succession plans for members of the Executive.
- The Olympic Security Committee comprises a Board member, the CEO and the General Manager, Organisational Development. The Committee was established to review security arrangements in the lead up to the Sydney 2000 Olympic Games.

Business Risk Management

A Corporate Strategic Business Risk Profile which provides a consolidated view of the business risks confronting Airservices was compiled in June 2001. This represents the final outcome of several integrated business risk assessments and evaluations conducted across all Business Groups. The Corporate Business Risk Framework adopted for this purpose is based on the Australian/New Zealand Standard 4360:1999 Risk Management, suitably modified to include Control Self-Assessment practices as an integral part of the process. The effective management of all business risk outcomes is achieved through a centralised networked database system, with monitoring of the process the responsibility of the Corporate Audit function. To achieve optimum value from the process, business risk management is directly linked to the annual strategic planning processes.

Responsible Minister

Airservices reports to the Deputy Prime Minister and Minister for Transport and Regional Services, The Hon John Anderson MP.

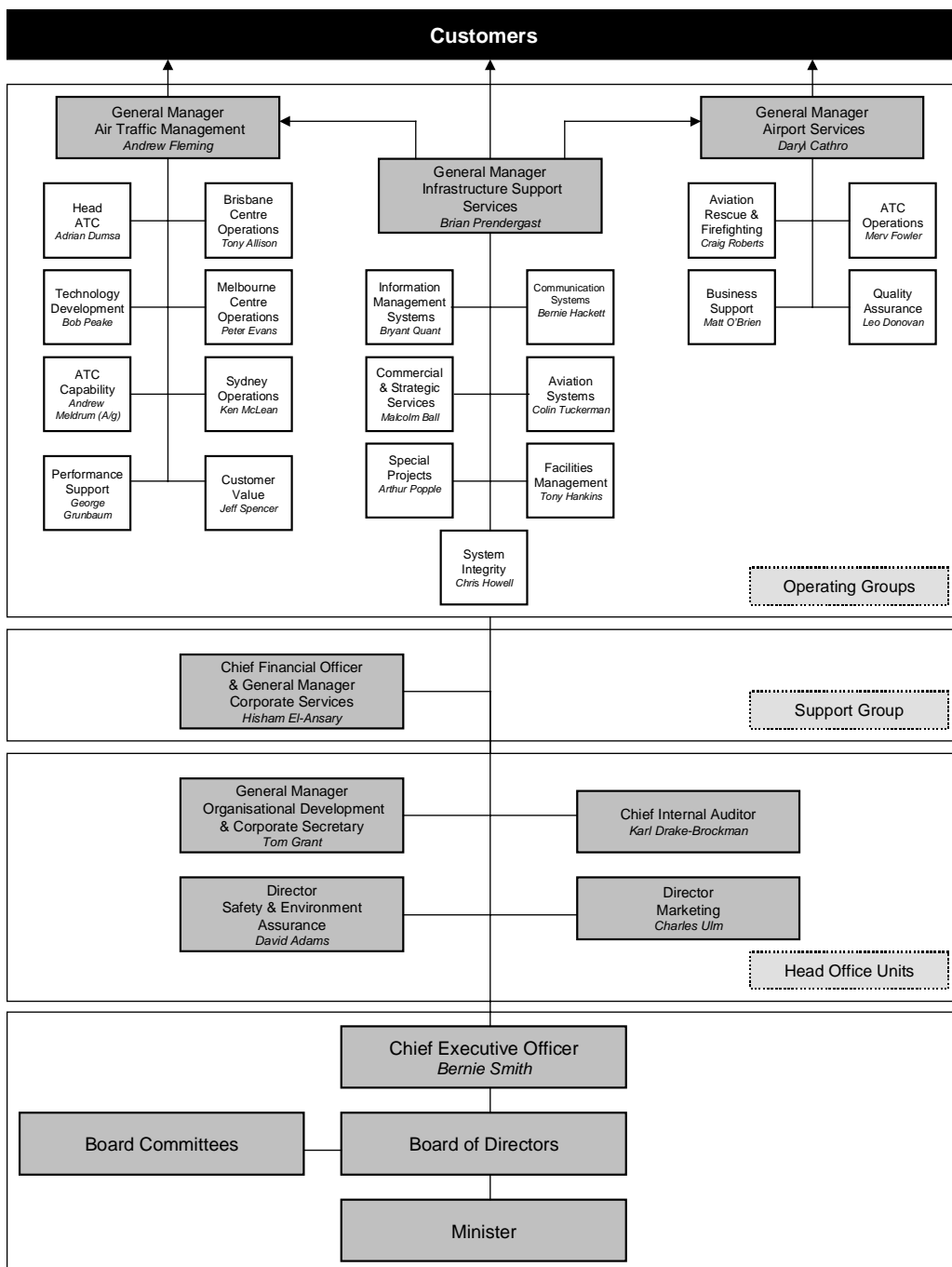
Structure

The business structure, which came into effect from 1 March 2001, is shown on page 4. The structure is based on the concept of three market oriented business groups, each with distinct business portfolios (containing business or profit centres) – Air Traffic Management, Airport Services and Infrastructure Support Services. All three groups are assisted by a corporate services group containing governance and business partner services, and a head office to meet the needs of the Board and Chief Executive Officer.

At 30 June 2001, Airservices employed 2,861 people across Australia. Airservices' diverse range of expertise and skills include specialists in air traffic control, aviation rescue and fire fighting, engineering, technical services, information technology, management, communication, finance and administration.

AIRSERVICES AUSTRALIA BUSINESS STRUCTURE

(With Effect from 1 March 2001)



CHAIRMAN'S YEAR IN REVIEW

“ Safety continued to be the number one priority in corporate and business group planning and day-to-day operations. ”

Throughout the year, safety continued to be the number one priority in corporate and business group planning and day-to-day operations. Through the use of a formal Safety Management System, Airservices is benchmarked at world best practice standards in the management of safety within an organisation providing air traffic services. Safety performance and the effectiveness of the System were continually reviewed, resulting in significant upgrades and enhancements to various processes and reporting systems.

Major initiatives focused on maintaining operational excellence in our domestic operations, while building on and increasing our leadership in innovation and the application of technology. Airservices, in partnership with Industry, has established a collaborative air traffic management (ATM) strategic planning and implementation process and progressed endorsement by key industry participants and organisations of an Australian ATM Strategic Plan. The process involves: airlines, aircraft operator representative groups, the Civil Aviation Safety Authority (CASA), the Department of Transport and Regional Services (DoTRS), the Department of Defence, airport operators and other significant stakeholders. The aim is to develop a common and systematic approach to identifying and implementing new and improved ATM services over the next 10 to 20 years. I am proud to say that this approach is a world first in air navigation provision.

A national operating standard was developed for the assessment of proposed air traffic management route changes. When used in conjunction with current risk assessment processes and the *Environment Protection and Biodiversity Conservation Act 1999*, assessment will lead to better appreciation of the environmental, social and economic impacts of proposed air route changes. It will also enable Airservices to minimise the impacts associated with aviation noise levels.

In the area of traffic flow management, a two pronged approach was implemented in Sydney which resulted in significant improvements in traffic movement. This approach enabled record traffic levels to be handled without difficulty through the Olympic period.

I am pleased to report that in the area of operational excellence, Pre Departure Clearance (PDC) by data link has now been extended to all major control towers connected to The Australian Advanced Air Traffic System (TAAATS).

The development of an international Concept of Operations for the use of Airservices' designed Ground based Regional Augmentation System (GRAS) technology has been presented to the International Civil Aviation Organization's Global Navigation Satellite Systems Panel technical working group in October 2000. The concept will form the basis of the standards and recommended practices enabling GRAS to become an internationally accepted system. Australia was tasked to be the lead nation in developing the standards. A GRAS test bed will be used to validate the standards.

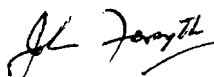
Average charges for airways services were reduced by 13 per cent during the year generating some \$50m in annual savings to our regional, domestic and international airline customers. This brings the total real price reductions to around 25 per cent since June 1998 and represents a saving of around \$140m per annum to Airservices' customers. Importantly, it delivered on commitments made to reduce prices by at least 20 per cent in real terms, some one and a half years earlier than promised.

In November 2000, Airservices had a change in Chief Executive Officer with Bill Pollard leaving the organisation and Bernie Smith, formerly the Chief Operating Officer of the Commercial Operations Group, taking on the CEO role. The changeover was seamless and occurred at a time when the organisation was due to embark on a new phase in its endeavours towards becoming a commercial business enterprise.

The Directors of Airservices have continued to provide strategic direction and leadership to the organisation throughout the year. The Board welcomed three new Directors this year, with Dr Ian Blackburne and Captain David Shrubbs joining us on 1 July 2000 and Belinda Gibson on 10 October.

On behalf of the Board, I once again have good reason to extend my appreciation to Airservices dedicated management and staff for their contributions towards the organisation's objectives and new directions. In addition I wish to thank them for maintaining their professionalism during this period of significant organisational and technological change.

The report of operations in this annual report is based on the key result areas of the Airservices Australia Corporate Plan 2000-2005. This Annual Report 2000-2001 provides a detailed analysis of our achievements.



JOHN PC FORSYTH

Chairman

30 June 2001

CORPORATE PROFILE

Airservices Australia is a government-owned commercial authority responsible for the provision of safe and environmentally sound air traffic management, and related services, to aircraft operators in the Australian Flight Information Region (FIR). The Australian FIR, which includes not only Australia's sovereign airspace but also international airspace over the Pacific and Indian Oceans, encompasses approximately 11 per cent of the world's airspace.

Airservices provides air traffic management and related services to customers in the aviation marketplace. These services include:

- en route and terminal air traffic services;
- aeronautical data services, such as charts and departure/approach procedures;
- aviation rescue and fire fighting services at Australia's 16 busiest international and domestic Regular Public Transport (RPT) airports;
- the design and management of airspace usage; and
- management of the Australian national air navigation infrastructure.

In providing services to over three million aircraft movements annually, a \$350m fixed asset base is maintained at over 600 sites around Australia.

Airservices customers include airlines, the general aviation industry with its sport and recreational flying activities, the Australian military and airport owners. All of these customers have different needs and expectations of the services delivered by the organisation.

As a world leader in the technological development of advanced satellite-based communication, navigation and surveillance systems, Airservices works with a range of partners and customers. Together with the International Civil Aviation Organization (ICAO) and its counterparts in the Asia-Pacific region, the organisation strives to ensure the maintenance of appropriate global safety standards and the sharing of information or advances in aviation technology.

Airservices works with a range of other Government organisations concerned with aviation safety and regulation in Australia – these are: the Department of Transport and Regional Services (DoTRS), the Civil Aviation Safety Authority (CASA) and the Australian Transport Safety Bureau (ATSB).

Further information about Airservices can be found on its web site at: <http://www.airservices.gov.au>.

REPORT FROM THE CHIEF EXECUTIVE

“ We have continued to create value for our customers, a process which begins long before an aircraft takes into the air. ”

During 2000-2001, Airservices consolidated the changes of the last three years and positioned itself in the aviation industry as a sustainable business enterprise with sound safety systems and culture, and a cost base which will facilitate growth into the future.

Corporate transformation and restructure resulted in three new customer facing operating groups being established: Air Traffic Management, Airport Services and Infrastructure Support Services. In addition, we established an official marketing role to support the organisation's move to become more commercially orientated. The Airservices Business Transformation program has better positioned the organisation to face future challenges and to turn its attention to providing best value services through the development of a true customer focus, whilst at the same time underpinning a sound profit result, and significantly reduced customer charges.

The year also saw us complete the successful transition to The Australian Advanced Air Traffic System (TAAATS), which uses the latest in integrated technologies to manage our airspace safely and efficiently, and provides us with the opportunity to manage neighbouring sovereign airspace under contract. This system encourages better and faster decisions, providing our clients with enhanced levels of service and saving them fuel, time and money. International interest in Airservices' air traffic management technology remained high among overseas government and industry leaders. We hosted delegations from China, Taiwan, South Africa, the United States, New Zealand and Sri Lanka.

With a focus on continuous improvement, we commenced implementation of an Air Traffic Management Benefits Program, which will deliver further value from our investment in TAAATS. This program optimises our operations through investigating, and where appropriate, implementing a range of recommendations dealing with: airspace and air route architecture and procedures, airborne holding practices, traffic flow management, airport capacities and scheduling, rostering efficiencies, scale economics and hardware and software optimisation.

We have continued to create value for our customers, a process which begins long before an aircraft takes into the air. Airservices produced a world first in air navigation provision by working in partnership with industry to develop the Australian Air Traffic Management (ATM) Strategic Plan. A framework has been developed to ensure that a coordinated long-term planning and implementation approach is taken for new and enhanced ATM products and services for airspace users in the future.

During the year, we continued to grow our revenue from other commercial business. Airservices is a recognised world leader in the modernisation and automation of air traffic systems with the necessary training and implementation of new technologies, processes and procedures. Our consultancy and training services use the experience gained from developing and implementing new technologies in our domestic environment to ensure safety, environment and economic efficiencies are maximised. In 2000-2001 these expert services were provided to a number of countries including the United Kingdom, Sweden, Finland, Singapore, Korea, East Timor and the United States.

One of our outstanding achievements this year was successfully managing the record number of aircraft movements across the country during the Sydney 2000 Olympic Games. Airservices received accolades from SOCOG and all sectors of industry for its traffic management during this period.

I would like to thank the Chairman, John Forsyth, and the Board of Directors for their dedicated work and guidance since I took up the position of Chief Executive in November 2000. I look forward to their continued support as we meet the challenges set by a changing aviation marketplace and technological advances in the industry.

I would also like to acknowledge the dedication and commitment displayed by both the management and staff of Airservices in continuing to provide a world benchmark service that seeks to deliver the best possible service for our customers and their customers, the aviation traveller.



BR SMITH

Chief Executive Officer

Airservices Australia

YEAR'S HIGHLIGHTS

“ In 2000-2001 Airservices has strived to enhance its focus on safety and the environment whilst continuing its transformation into a proactive organisation operating on sound business principles. ”

Price reductions delivered to customers 18 months early

In July 2000, average charges for airways services were reduced by 6 per cent. This was followed in January 2001 by a further reduction of 12 per cent (equivalent to a 7 per cent average reduction across all services) in en route air traffic control service charges. This 13 per cent average reduction generated some \$50m in savings to Australia's domestic and regional airlines and for Australian and other international carriers flying in Australian air space. These reductions bring the total real price reductions to customers to around 25 per cent since June 1998, representing savings of \$140m per annum and delivering on the commitment to reduce prices by at least 20 per cent in real terms some 18 months early.

Value added benefits to customers with implementation of TAAATS

The successful transition to The Australian Advanced Air Traffic System (TAAATS) provided customers with value added benefits and a more efficient product. TAAATS provides datalinks for the delivery of Pre-Departure Clearances (PDCs) to aircraft before the aircraft taxis. When sent directly to the flight deck the pilot no longer has to transcribe the clearance from a voice broadcast, thus minimising the possibility of errors.

One of the biggest challenges facing the organisation is the sequencing of flights when they are en route to ensure efficient management of air traffic. With the introduction of MAESTRO, a flow management tool, minor adjustments to speed or routing can be made allowing aircraft to fly at a higher altitude or avoid holding sequences. Through MAESTRO Airservices is delivering enormous benefits to customers by saving them fuel, time and money.

ATM strategic plan approach world first

Airservices produced a world first in air navigation provision by continuing to work closely with industry customers and other stakeholders to develop the Australian Air Traffic Management (ATM) Strategic Plan. A strategic management framework has been established with ATM stakeholders to ensure that coordinated

long term planning and implementation of new and enhanced ATM products and services for airspace users will occur in the future. This initiative grows Airservices' business functionally and creates value for its customers and other key stakeholders by bringing the 'voice of the stakeholder' into product development. Through such initiatives the organisation is positioning itself to become the international benchmark for technical and operational excellence in the delivery of air traffic management services, air navigation technology services and aviation rescue and firefighting services.

Assessing environmental efficiency of ATM route changes

A national operating standard for the assessment of proposed Air Traffic Management (ATM) route changes was developed. When used in conjunction with the risk assessment environment management tool and the *Environment Protection and Biodiversity Conservation Act 1999*, this standard will lead to a better appreciation of the environmental, social and economic impacts of proposed air route changes.

Realisation of further efficiencies from TAAATS

Recognised by the International Civil Aviation Organization (ICAO) for its cutting-edge technology and capabilities, The Australian Advanced Air Traffic System (TAAATS) is a major element in meeting safety and commercial obligations to all our stakeholders. An Air Traffic Management Benefits Program was initiated to realise further efficiencies from its investment in TAAATS. This program seeks to optimise the operations and investment in TAAATS by investigating and seeking approval to implement projects dealing with: air-space and air route architecture and procedures, airborne holding practices, traffic flow management, airport capacities and scheduling, rostering efficiencies, scale economics, and hardware and software optimisation.

Growth in external business

Airservices' expertise is utilised around the world. Our consultancy and training services use the experiences gained from developing and implementing new technologies for external customers to enhance our domestic environment to ensure safety, environment and economic efficiencies are maximised. In 2000-2001 these expert services were provided to a number of countries including the United Kingdom, Sweden, Finland, Fiji, Singapore, Korea, Mauritius, the United States, Vanuatu, East Timor and Papua New Guinea.

Gold performance at Sydney Olympics

Accolades from all sectors of Industry and SOCOG were received for traffic management of the special aviation requirements for the Sydney 2000 Olympic Games. This proved to be one of the transport infrastructure success stories of the Games. Careful planning and management resulted in successful handling of the special aviation security and media arrangements, with minimal interruption to normal airport operations which showed a significant increase in traffic demand. A record movement rate (for a single day) at Sydney airport of 1,015 was set on 2 October 2000. This compares with the average weekday movement rate of 892 (excluding helicopter movements) for 2000-2001.

Leading the way in environment management

Airservices environment management system is a world first in that it enables the organisation to assess the business risk associated with a proposal. The system is designed to meet the ecologically sustainable development principles that require consideration of both long-term and short-term economic, environmental and social considerations. During 2000-2001 Airservices continued to develop its environment management system, which is closely aligned with international standard ISO 14001, to improve existing reporting and audit facilities.

New image for new role

To strengthen our brand, Airservices updated its corporate image. Targeted advertising in customer periodicals and consistent application of the brand across the organisation's own publications and communication vehicles spearheaded this drive. An official marketing role was also established to support moves to generate additional revenue from other commercial activities.

THE CORPORATE SCORECARD

Airservices reviewed its performance against key business strategies and key performance indicators in its 2000-05 Corporate Plan. Operational and financial achievements are outlined below.

Operational performance

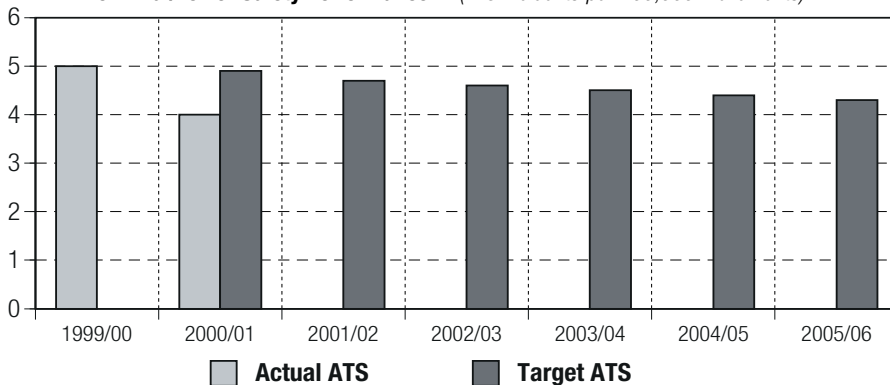
ATS Safety

Safety performance is measured as a means of evaluating the health of the Air Traffic Service (ATS) systems and to provide targets to ensure the organisation remains a global leader in the provision of Air Traffic Services.

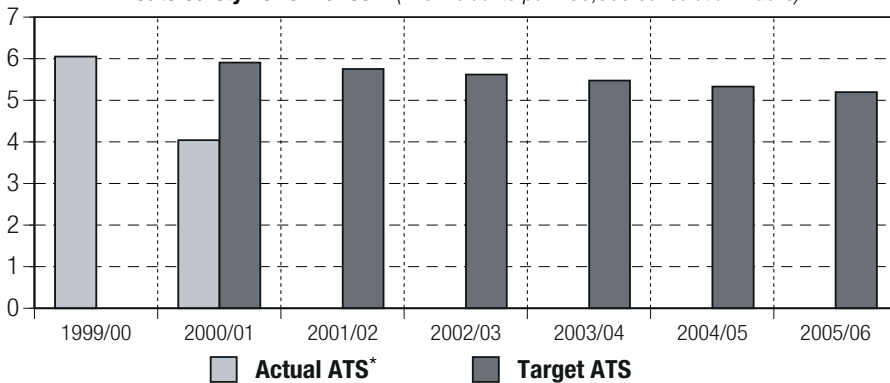
Safety performance is measured by two indices. Terminal and Tower performance is calculated using the number of aircraft movements, while En Route operations use the number of aircraft for which the Air Traffic Controller has jurisdiction. An ATS incident is defined as an occurrence that was attributed to the actions of employees or facilities operated by Airservices in the delivery of Air Traffic Services.

Incident rates for 2000-2001 for both Terminal/Tower and En Route ATS operations were lower than 1999-2000 figures. The En Route incident rate reduced by 33 per cent while the Terminal/Tower incident rate reduced by 20 per cent.

Terminal/Tower Safety Performance – (ATS Incidents per 100,000 Movements)



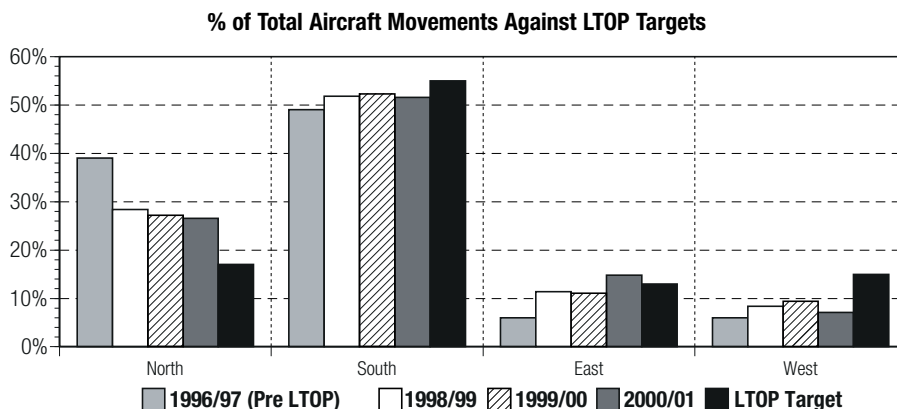
En Route Safety Performance – (ATS Incidents per 100,000 Jurisdiction Tracks)



*Actual data for 1999-2000 is based on part year.

Environment

During 2000-2001 Airservices continued its commitment to the implementation of the Long Term Operating Plan (LTOP) for Sydney Airport. All but two of the elements of the July 1997 Ministerial Direction to Airservices on LTOP have been implemented: the introduction of the Trident flight paths and high and wide approaches. These are being addressed as part of the ATM Benefits Project, taking into account current and future technology. Project development and updates are being co-ordinated through the LTOP Implementation and Monitoring Committee.

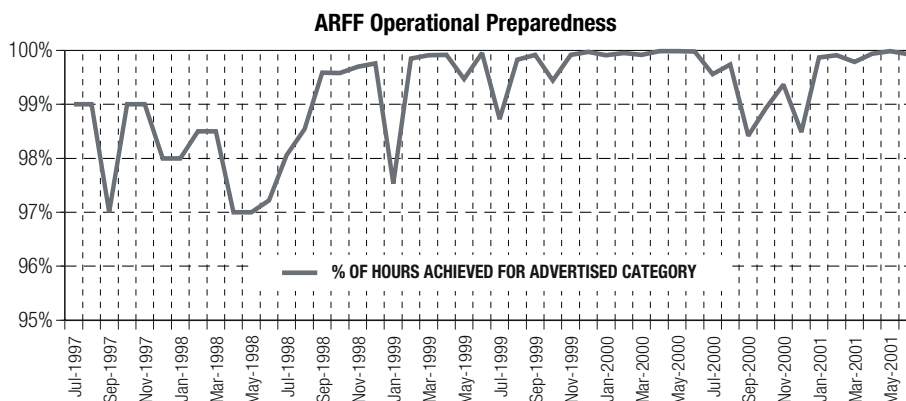


Operational Excellence

ARFF Operational Preparedness

Operational preparedness is the ability of the Aviation Rescue and Fire Fighting (ARFF) operations to maintain hours of Category (service levels). The advertised Category is reduced when and if staffing levels cannot be met and/or other specific resources are not available. Since the introduction of the ARFF 1998 Certified Agreement, there has been a marked improvement in ARFF Operational Preparedness.

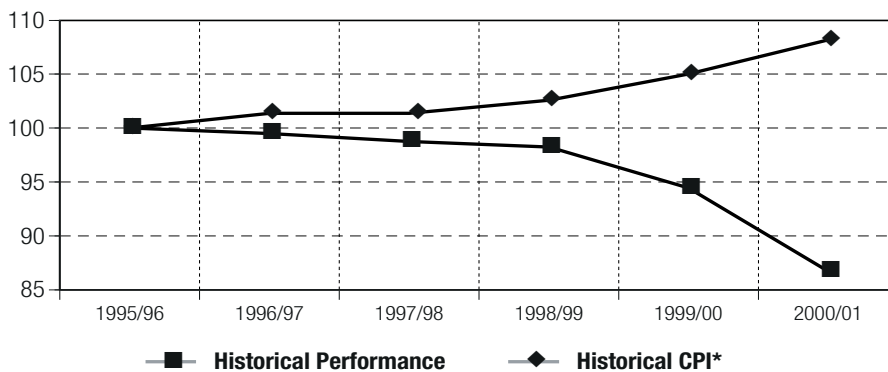
Equally important as a Key Performance Indicator (KPI) is the ability of the ARFF to meet their obligatory 'Response Times' as per International Civil Aviation Organization (ICAO) Annexe 14 requirements. The ARFF were able to achieve a 100 per cent outcome at all operational locations.



Weighted Average Price Index Relative to Consumer Price Index

Since formation as an off-budget statutory corporation, Airservices and its predecessor organisations have been able to deliver ongoing real price reductions to customers which have consistently bettered the rate of growth in the Consumer Price Index. The figure below illustrates this historical trend since 1995-96.

Movement of CPI versus Airservices' Weighted Average Price Index – (1995/96=100)



*CPI for 2001 is adjusted for the impact of the new tax system

Customers and Markets

Other Commercial Revenue

The Other Commercial Revenue earned in 2000-01 shows an increase of \$2.4m on the previous year due primarily to increases in revenue derived from the provision of consultancy services, library services and other commercial activities.

Other Commercial Revenue



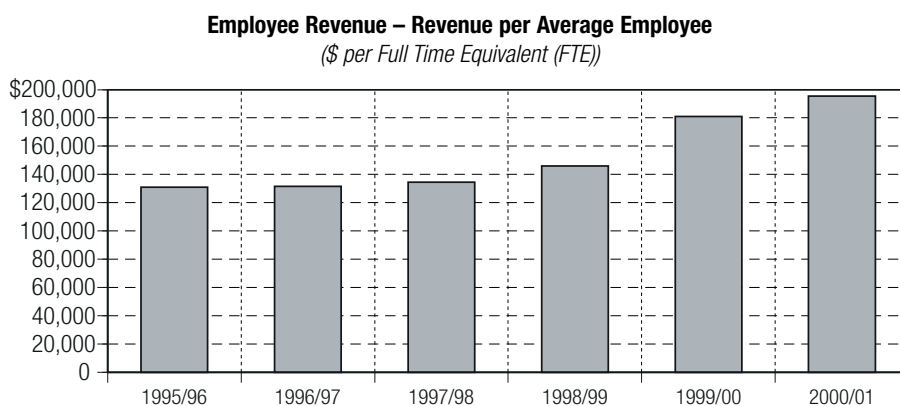
Note:

1. In 1995-96 Other Commercial Revenue included \$9.35m for commercial services provided to CASA (not repeated in later years).
2. The sale of the Alan Woods Building, Canberra in June 2000 resulted in a \$3.5m decrease in rental revenue in 2000-01.

Employees

Revenue per Employee

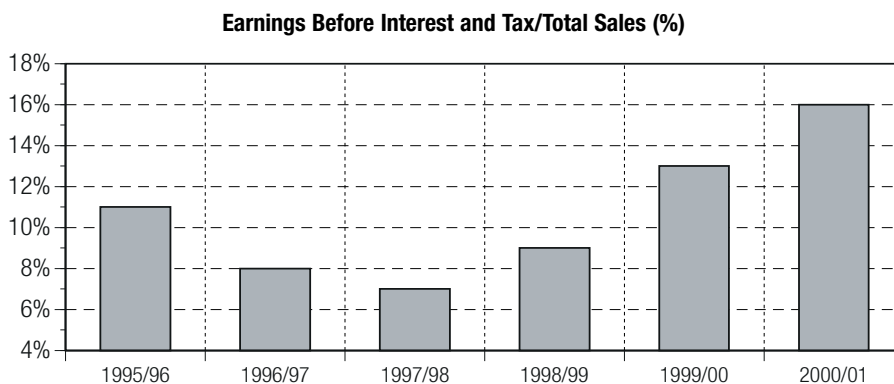
Revenue per employee has historically been relatively constant. However, with business restructuring, revenue per employee has been increasing since 1998-99. This is despite a 25 per cent reduction in prices to customers since June 1998.



Owner

Earnings before Interest and Tax/Total Sales

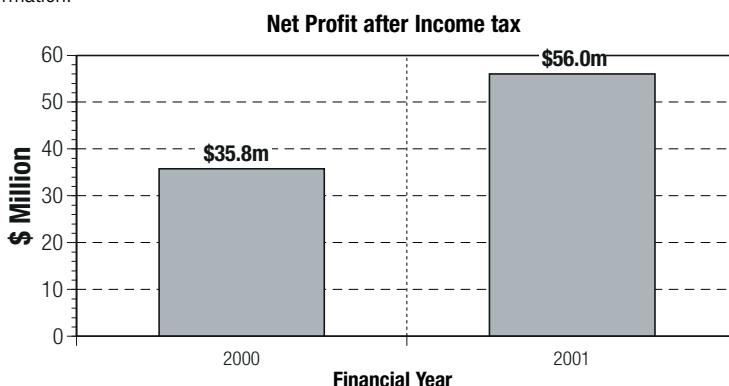
Continued pursuit of reform initiatives, including the implementation of The Australian Advanced Air Traffic System (TAAATS), combined with strong aviation activity growth, contributed to the improving trend in Earnings Before Interest and Tax (EBIT)/Total Sales.



Financial Performance

Despite the revenue reduction resulting from decreased charges, an after tax return on equity to Government of 23.2 per cent was achieved, compared to the 15.8 per cent provided for in the Corporate Plan 2000-05.

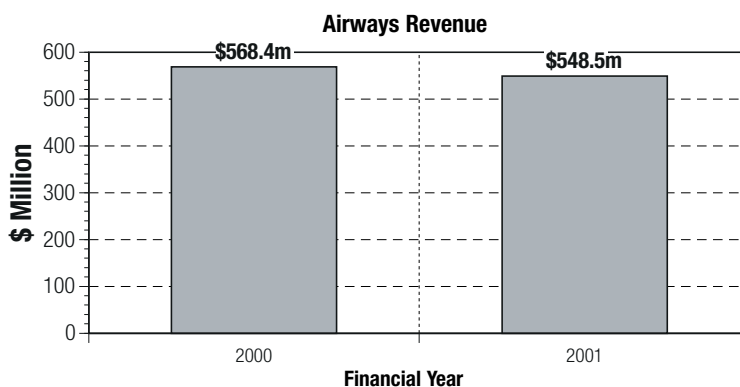
Operating profit after tax increased by 56.5 per cent to \$56.0m, as a consequence of an \$88.3m reduction in operating expenses, compared to last year. These reductions related mainly to staff and depreciation costs following the successful implementation of TAAATS and efficiencies flowing from business transformation.



Revenue

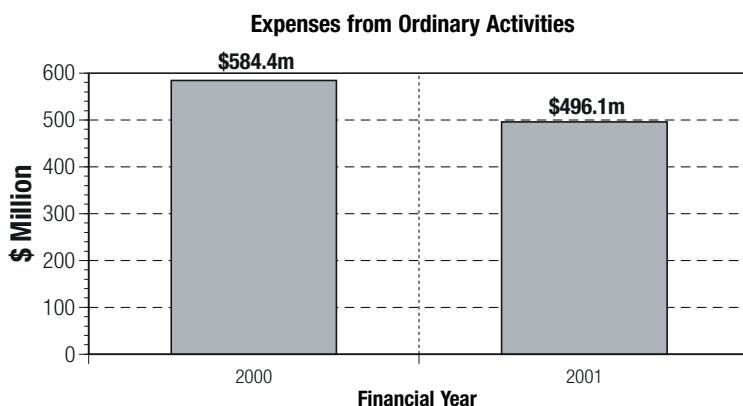
Total revenue for the year was \$582.8m. This was \$79.9m below the previous year, largely as a consequence of the writeback of legal provisions (\$30.9m) and proceeds from disposal of assets (\$30.1m), which occurred in 1999-2000. The \$4m reduction in the Government subsidy was offset by an increase in interest revenue of \$4.3m.

Airways revenue fell to \$548.5m this year, down by \$19.9m compared to the previous year. This was mainly due to the 13 per cent average reduction in charges made during the year consistent with Section 8(1)(aa) of the *Air Services Act (1995)*, which requires Airservices to promote and foster aviation. The reduced charges generated combined cost savings of some \$50m a year to regional, domestic and international airlines flying in Australian air space.



Operating Expenses

Operating expenses decreased by \$88.3m compared to last year. Staff costs have fallen from \$375.0m in 1999/00 to \$318.0m in 2000/01. This reduction of \$57.0m reflects completion of the TAAATS implementation and Business Transformation initiatives. Closing staff numbers for the year were 2,861, a reduction of 308 compared to the previous year.



Included in operating expenses are unfunded direct costs (excluding overheads and profit margins) of community service activities totalling \$11.4m. The community service activities funded by Airservices were for price capping at regional and General Aviation Aerodrome Procedures (GAAP) Airports, environmental services (being the noise and flight path monitoring system), the noise inquiry lines and the Sydney Olympics.

In addition, operating expenses also included some \$1.9m of costs relating to the provision of air traffic management services to the Royal Australian Air Force (RAAF). These services are provided under a 1996 Memorandum of Agreement which did not provide for reimbursement of expenses. Airservices is working with the RAAF to resolve this anomaly, as well as others, such as the introduction of civil-military cross charging arrangements.

VISION AND CORPORATE OBJECTIVES

“To be the global leader in air traffic management and the provision of related information and safety services.”

Vision

To be the global leader in air traffic management and the provision of related information and safety services through:

- keeping safety first;
- best practice environmental management;
- the pursuit of operational excellence;
- creating value for our stakeholders;
- growing our business; and
- skilled and committed employees.

Values

In achieving our ambitious goals, we recognise the need for **honesty, accountability** and **strong leadership** to engender a spirit of **unity** and **trust**.

Corporate Objectives

From the vision a set of key result areas and corporate objectives were developed, these are shown in the Table below.

Corporate Key Result Areas and Objectives

KEY RESULT AREA	CORPORATE OBJECTIVE
SAFETY	To achieve world leading safety performance by keeping safety first in the efficient delivery of all our services and by understanding and managing our risks.
ENVIRONMENT	To achieve environmental management standards which are recognised as best practice in the global aviation industry.
OPERATIONAL EXCELLENCE	To achieve sustainable competitive advantage through customer focussed and efficient processes and systems and leadership in innovation and technology.
CUSTOMERS AND MARKETS	To maximise our domestic market share and extend market reach in our core businesses by delivering superior customer value.
EMPLOYEES	To achieve a skilled, motivated, flexible and customer focused workforce committed to continuous improvement in our business.
OWNER	To meet the Government's requirements for financial returns, increasing shareholder value and maintaining positive relationships with key industry, regulatory and community groups.

The Report of Operations outlines the achievements made during the year against each of the key result areas and the supporting corporate objective.

REPORT OF OPERATIONS

Key result area: Safety

To achieve world leading safety performance by keeping safety first in the efficient delivery of all our services and by understanding and managing our risks.

.....

The safe provision of air traffic management services is the most important function of Airservices Australia. To assist in achieving this, Airservices employs a formal Safety Management System, benchmarked at world best practice standards in the management of safety within an organisation providing air traffic services.

During the reporting period, safety continued to be promoted as the number one priority in business planning and day-to-day operations. The focus on key performance indicators relating to safety performance was rewarded with a strong outcome for the year. Terminal, tower and en route incidents per 100,000 aircraft movements were below both target and prior year levels.

The organisation continued its program of developing and enhancing the application of the safety management system processes. The system is regularly reviewed against other high reliability organisations to ensure that it is in line with contemporary safety management practices.

The corporate safety umbrella group, the Directorate of Safety and Standards, continued its audit and review program and continued to provide guidance and training in the implementation of safety management strategies across the organisation.

Other key achievements during the year included:

- Assisting the Civil Aviation Safety Authority (CASA) achieve a satisfactory framework for the forthcoming legislation governing the provision of air traffic, aviation rescue and fire fighting and engineering services. Engineering staff also worked with CASA on the development of new regulations for aeronautical telecommunications providers.
- Commencing a program to meet the requirements of new Civil Aviation Regulations which will specify the requirements on providers of air traffic services and supporting technical services.
- Maintaining the focus on safety performance by establishing quality assurance manager functions in business centres and through greater involvement of operational staff in quality management. Safety audits now take into consideration risk assessments to ensure focus is placed on those areas of higher risk.

- Revising the safety case and system safety elements of the safety management manual and applying the revised procedures in the review of safety cases relating to the transfer of directed traffic information services to The Australian Advanced Air Traffic System (TAAATS) and the revision of system availability and restoration times.
- Participating in the biannual safety forum in November 2000 involving the safety representatives of Ansett, Qantas and all Australian Regional Airlines. Staff also participated in a Taskforce addressing violations of controlled airspace and supported other safety-related initiatives.
- Following power failures at Sydney Operations in Building 237 in July and August 2000, Quiggin Cook and Associates were engaged to undertake a review of the Sydney power systems. The scope of works for implementing the recommendations made by Quiggin Cook and Associates has commenced and are expected to be completed in September 2001.

Key result area: Environment

To achieve environmental management standards which are recognised as best practice in the global aviation industry.

Airservices continued the development and implementation of its Environment Management System (EMS). This meets the legislated requirement to protect the environment and the Minister's Direction of 3 May 1999, to "...develop, implement and promote high quality environmental practices".

The EMS is a networked system designed, developed and maintained within Airservices. The system identifies environmental impacts with land-based activity and air route changes, and assesses the associated business risk – encompassing incident reporting, management planning and non-conformance tracking.

During the year, Airservices' proposal to introduce a Precision Runway Monitoring (PRM) system for northerly arrivals at Sydney Airport was subject to environmental assessment in accordance with *the Environment Protection (Impact of Proposals) Act*. A Public Inquiry established by the Minister for the Environment recommended a trial of the PRM and this occurred in the latter part of last year. The Minister for the Environment has issued a determination which does not require either an environmental impact statement or a public environment report. The decision to approve the use of the PRM now rests with the Minister for Transport and Regional Services.

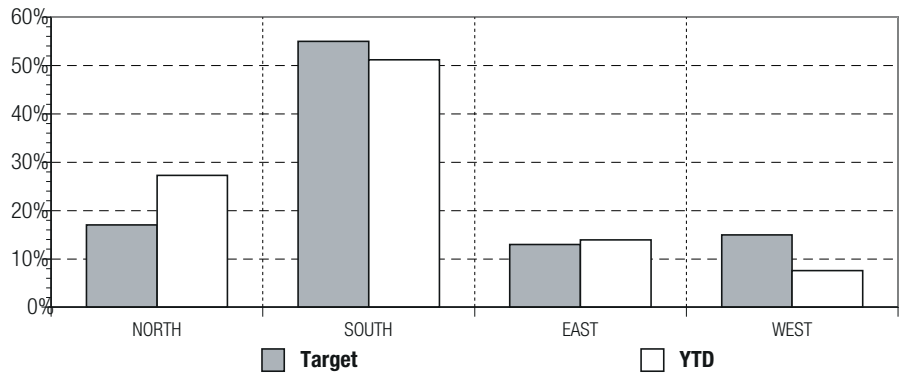
Key achievements during the year included:

- Commissioning the Sydney element of a tactical traffic flow management system (MAESTRO) early in 2000 as an enhancement to The Australian Advanced Air Traffic System (TAAATS) and in preparation for the Sydney Olympics. This system provides automated assistance to improve the flow (sequencing)

of traffic landing at Sydney airport. MAESTRO calculates the time needed to be gained or lost by each aircraft to provide a well ordered landing sequence. It does this while aircraft are up to ninety minutes from destination, allowing the adjustment to time of arrival to be made by small speed changes in the cruise phase of flight. This approach significantly reduces fuel burn and emissions compared to the alternative of having aircraft flying low level holding patterns while waiting to land.

- Initiating a program that will involve the training of all Airservices staff in environmental awareness. Over the past 12 months, approximately 200 staff received environment training in both general environment awareness, or more specific training in the use of the environment management system database.
- Continuing to develop the Airservices' environment management system to improve existing reporting and audit facilities. A major addition was made to the software to incorporate environmental impact identification, business risk assessment and management planning for proposed air traffic management changes that impact on aircraft operations. The new facility also operates in parallel, and is electronically linked, to the standard impact assessment work that is undertaken to ensure that air route changes are assessed in accordance with the requirements of the *Environment Protection and Biodiversity Act 1999*.
- Developing a national operating standard for the assessment of proposed air traffic management route changes. This standard when used in conjunction with the risk assessment environment management tool and the *Environment Protection and Biodiversity Conservation Act 1999* assessment processes will lead to a better appreciation of the environmental, social and economic impacts of proposed air route changes. It will also enable Airservices to develop management planning to minimise the impacts, which are mainly associated with aviation noise.
- Maintaining a focus on the noise-sharing principles contained in the Sydney Airport Long Term Operating Plan (LTOP). Performance against LTOP targets are shown below and reflect an achievement as close to targets as was possible given weather conditions:-

Sydney Airport LTOP – Runway End Impacts – July 2000 to June 2001



- Identifying, risk assessing and managing 157 instances of potential fuel spills during the financial year. Thirty-seven fuel storages were upgraded to acceptable levels of risk and 23 activities associated with fire and rescue training on drill grounds were similarly identified and acted on. Some 562 risks have

been identified across the organisation. Management plans are in place for each risk. Of the 562 environmental risks being managed, 11 are significant and 551 are classified as not significant.

- Developing an environmental audit program as part of our environmental management system. A significant proportion of the audit program is undertaken from the desktop through the environment management system. As part of this program, a review was conducted on the noise enquiry service. Adherence to noise abatement procedures at major airports was established by both analysis of flight path data using our noise and flight path monitoring system and by on-site inspection. Both reviews were conducted in accordance with Ministerial direction.
- Completing environmental audits on management approvals of risk assessment and mitigation planning at all sites and conducting specific procedural compliance audits at Airservices' facilities at each of the major airports.

Key result area: Operational excellence

To achieve sustainable competitive advantage through customer focused and efficient processes and systems and leadership in innovation and technology.

During the year Airservices continued the focus on improving its operational effectiveness. In December 2000, an Air Traffic Management Benefits Program was established to realise further efficiencies flowing from the successful transition to The Australian Advanced Air Traffic System (TAAATS). This program seeks to optimise the operations and investment in TAAATS. Its charter is to investigate and seek approval to implement a range of recommendations dealing with airspace and air route architecture and procedures, airborne holding practices, traffic flow management, airport capacities and scheduling, rostering efficiencies, scale economics, and hardware and software optimisation.

Accolades were received from all sectors of industry and the Olympic organisers for traffic management of the special aviation requirements for the Sydney 2000 Olympics. This proved to be one of the transport infrastructure success stories of the Games. Careful planning and management resulted in successful handling of the special aviation security and media arrangements with minimal interruption to normal airport operations, which showed a significant increase in traffic demand. Major Olympic initiatives included:

- special Olympic Venue Restricted Areas (OVRAs) for aviation security and media activities;
- a temporary radar facility at Cecil Park;
- a temporary control tower at Hoxton Park;
- an expansion of the aerodrome services at Bankstown and Camden;
- a special Sydney Olympic Flight Guide; and

- the establishment of an Olympics Aviation Information Centre at Bankstown Airport, including three Internet kiosks for use during the Olympics. An additional kiosk was installed at Hoxton Park.

In the lead up to, during and following the Olympic Games the aviation rescue and fire fighting operations provided a dedicated medical response team for Sydney airport terminals. The value of this initiative was realised after an incident involving spilt cleaning fluid resulted in the collapse of some 20 persons.

Other key achievements during the year included:

- Implementing a Performance Management System (PMS) using the Balanced Scorecard concept that is based on cascaded, linked scorecards for each business group and business centre. The PMS has been structured to measure and manage strategic performance across the six Key Result Areas (KRAs). These KRAs include not just financial performance outcomes but also focus on safety and environmental outcomes, customer satisfaction, internal business processes and systems, the capabilities and skills of the organisation as well as other owner requirements. A balanced scorecard software application has been implemented to facilitate performance monitoring and reporting.
- Extending Pre Departure Clearance (PDC) by data link to all the major control towers connected to TAAATS. This includes Cairns, Brisbane, Coolangatta, Sydney, Canberra, Melbourne, Adelaide and Perth. This facility allows pilots to receive their clearances in hard copy rather than by voice and is proving to be of benefit to both pilots and industry. By mid 2001, more than ten thousand clearances per month were being delivered by datalink.
- Completing planning for a program of enhancements and technology refresh for the automation component of TAAATS, scheduled to commence in 2001-02. This will update computer hardware, networks and operating systems to provide the extra processing capacity to handle continuing traffic growth, as well as new functions such as Automatic Dependent Surveillance – Broadcast (ADS-B) and Maestro flow management systems for Melbourne and Brisbane.
- Completing the transition of directed traffic information services in Class G airspace into TAAATS in December 2000.
- Reducing the cost of providing pilot briefing services by the centralisation of Briefing Office functions in Brisbane. Since the beginning of July the Brisbane Briefing Office has been providing pilots with a fully national pre-flight briefing service. Charging for the communications costs associated with Briefing Office services was implemented in November 2000 using an Airservices / Telstra co-branded PhoneAway card product. Monitoring of pilot access behaviour suggests that pilots are remaining in the system and that it has been introduced smoothly and safely.
- Introducing the second phase of our central Aeronautical Data Management System. The system includes features such as cyclic redundancy checking, designed to protect aeronautical data from corruption during storage and whilst in transit; temporal data versioning that enables users to view data as a snapshot in time; and the ability to output data in ARINC 424 format.
- Introducing Tower Situational Awareness Display radar systems at Rockhampton and Mackay Towers. Developed by Airservices, this system gives the tower controllers enhanced situational awareness, assists in traffic management and provides an aid for aircraft in an emergency.

- Finalising the system performance management project. This will enable the organisation to determine system availability requirements across the national airways system. This definition can be used as the basis for system design and life cycle management processes in the future.
- Completing the first phase satellite rationalisation project involving rationalisation of communications services on satellite. This has reduced the transponder lease from two full transponders down to two half transponders and has resulted in savings in transponder rental of around \$6m per year. Phase two of this project involves transferring services off the existing network and onto the Air Traffic Management network. This will result in a further saving of around \$1m per year.

Key Result area: Customers and markets

To maximise our domestic market share and extend market reach in our core businesses by delivering superior customer value.

.....

New business opportunities in non-core areas were pursued within the guidelines set by Government. Airservices continued to grow its revenue from other commercial business activities.

International interest in The Australian Advanced Air Traffic System (TAAATS) capabilities remained high amongst overseas government and industry leaders. Airservices hosted visits by His Excellency the President of Nauru, the Solomon Islands Director of Civil Aviation, the Indonesian Directorate General of Air Communications, the Master of the Guild of Air Pilots and Air Navigators from London, and the 20-nation Thomson Users Group. Delegates from Sweden, Hong Kong, China, Taiwan, South Africa, the USA, New Zealand, Sri Lanka and Singapore also inspected our TAAATS centres.

Consultancy, training and other services to a number of countries including the United Kingdom, Sweden, Finland, Fiji, Singapore, Korea, Mauritius, the United States, Vanuatu, East Timor and Papua New Guinea (PNG) were provided, including:

- airways system transition planning and data management training to Swedish Luftfartsverket (LVF);
- consultancy services to ARINC as part of its bid for the United States Federal Aviation Administration (FAA) – Advanced Technologies and Oceanic Procedures (ATOP) Program (FAA ATOP);
- air traffic control, aviation rescue and fire fighting and data management training, documentation consultancy services, communication navigation surveillance/air traffic management planning assistance and safety audit services to Fiji as part of an alliance formed with Airports Fiji Limited;
- an audit of the Civil Aviation Authority Singapore Air Traffic Control management and operational procedures;

- Solomon Islands upper airspace management and other general consultancies;
- consultancy services to Sweden to assist in the introduction of its new air traffic services system;
- aviation fire suppression specialist training to Vanuatu, Fiji and more recently Papua New Guinea
– specialist protective fire fighting attire was also provided to Vanuatu and East Timor;
- restoration of navigation aids in East Timor for the United Nations Transitional Administration in East Timor;
- flight inspection services in East Timor for the United Nations Transitional Administration in East Timor and Norfolk Island for Honeywell;
- flight inspection services and the maintenance of navigation aids was provided to the Department of Defence;
- installation of navigation equipment and restoration of airways systems facilities in PNG;
- a VHF voice platform was successfully commissioned for Ansett at five locations (Stage 1); and
- assistance given to Airports Fiji Limited (AFL) to ensure compliance with their regulatory and ICAO Standards.

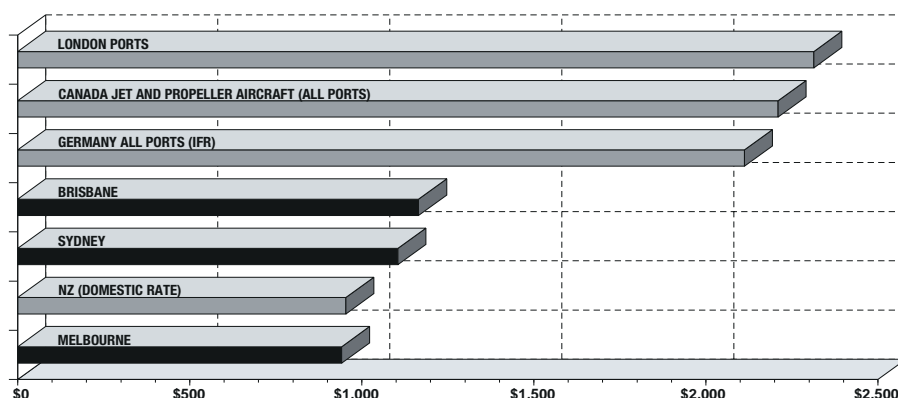
Other key achievements during the year included:

- Surveying our aviation industry customers to identify areas where customers believed there was potential for improvement in the services provided by Airservices and our relationships with them. This information will be used to develop programs to improve outcomes in these key areas.
- Appointing customer relationship managers for all major aviation customers. These managers keep customers advised on matters which may affect their operations and provide a conduit for customers to engage Airservices on issues of concern.
- Conducting a targeted advertising campaign for a three month period in the in-flight magazines of Australia's major domestic carriers including Qantas, Ansett, Impulse (one issue only) and Virgin Blue. This was in accordance with recommendations arising from research into Airservices' brand strength within defined markets. Research is planned in the first quarter of the new financial year to determine the penetration and impact of these activities on our brand in the marketplace.
- Developing an international Concept of Operations for the use of Australian designed Ground based Regional Augmentation System (GRAS) technology. The Concept was presented to the International Civil Aviation Organization's Global Navigation Satellite Systems (GNSS) Panel technical working group in October 2000. The concept will form the basis of the standards and recommended practices enabling GRAS to become an internationally accepted system. Australia was tasked to be the lead nation in developing the standards. An Airservices GRAS test bed will be used to validate the standards.
- Reducing charges to customers by an average of 13 per cent during the year, 6 per cent in July 2000 and 7 per cent in January 2001. These bring the total real price reductions provided to customers to around 25 per cent since June 1998, representing a saving of around \$1140m per annum. Importantly,

it delivered on the commitment to reduce prices by at least 20 per cent in real terms about one and a half years earlier than promised.

Airservices' prices, when benchmarked against other major Air Traffic Service providers, are among the lowest in the world. The graph below shows, for example, the comparative airways charges in selected countries for a 767 flying 700 kms.

BOEING 767 (MTOW 175t) Flying 700kms and landing at the selected port(s)



Notes:

1. Charges shown were current as at June 2001 and are exclusive of GST, VAT etc.
2. The United Kingdom ports include Heathrow, Stansted and Gatwick only.
3. The New Zealand ports represent Auckland only.
4. Germany All Ports is based on the terminal navigation charge as at January 2001.
5. The Domestic En Route Rate has been applied where a differential Oceanic and Domestic En Route Rate is available.
6. Conversion rates .7665 \$CAD, .3574 Pounds, 1.2393 \$NZ and 1.1653 DM sourced from the Australian Financial Review 1 July 2001.

Key result area: Employees

To achieve a skilled, motivated, flexible and customer focused workforce committed to continuous improvement in our business.

As part of the effort aimed at improving the overall satisfaction of employees, Airservices conducted an Employee Satisfaction Survey (ESS) in October 2000. This defined important issues and priorities for staff within each business centre. The survey established an Employee Satisfaction Index (ESI) so managers could evaluate how their areas rated. The outcome of the ESS was presented to staff throughout the organisation. Focus groups and action plans have also been implemented in business areas requiring ESI improvements.

This initiative was complemented by the introduction of a Performance Enhancement Program (PEP) for all senior managers. Its aim was to provide a transparent means of measuring performance on an ongoing

basis, as well as linking PEP to the organisation's Strategic Planning process. Training programs for PEP were conducted in Sydney, Melbourne, Brisbane and Canberra.

Other key achievements during the year included:

- Conducting a two-day Leadership Development Initiative for more than 100 staff. Participants were given the opportunity to attend one-on-one sessions with the facilitators of the workshop to discuss the 360 degree feedback they had received and to develop a personal plan.
- Developing a revised program for ongoing refresher training for air traffic controllers for The Australian Advanced Air Traffic System (TAAATS) environment. Training modules were developed and made available for on line use. Courses are currently in progress for Brisbane Centre Operations, Melbourne Centre Operations, Sydney Operations, and Airport Services.
- Commencing a project to develop the Air Traffic Control simulator from mainframe to a PC based system. Once completed it will enable full portability of simulation and greatly reduce the resources required for exercise and scenario development.
- Improving staff skills and customer focus by providing training in: professional selling; safety management; customer service; performance enhancement; team building; and software applications.
- Developing a performance assessment software based system for air traffic controller assessment. This system offers a more regulated and consistent form of assessment, the ability for systemic analysis of controller assessment data, and cost savings through the capability for desktop audit of controller performance data.
- Developing a sophisticated online Occupational Health and Safety (OH&S) operational framework which ensured compliance with Australian Standards – this framework was shortlisted as a finalist for the inaugural Comcare Rehabilitation and Compensation Award for its OH&S on line reporting mechanism.

Key result area: Owner

To meet the Government's requirements for financial returns, increasing shareholder value and maintaining positive relationships with key industry, regulatory and community groups.

The operating profit after tax increased by 56.5 per cent to \$56.0m, mainly as a consequence of an \$88.3m reduction in operating expenses compared to last year. These reductions related primarily to staff and depreciation costs following the successful implementation of The Australian Advanced Air Traffic System (TAAATS) and efficiencies flowing from business transformation.

An after tax return on equity to Government of 23.2 per cent was achieved, which compares favourably to the 15.8 per cent provided for in the Corporate Plan 2000-05. This was achieved whilst providing to customers an average price reduction of 13 per cent during the year.

Airservices continued to play a leading role in the Australian Air Traffic Management (ATM) Strategic Plan Development and Implementation. A strategic management framework has been established with ATM stakeholders to ensure that coordinated long term planning and implementation of new and enhanced ATM products and services for airspace users will occur in the future. This approach is a world first in air navigation provision. This initiative grows business functionally and creates value for customers and other key stakeholders by bringing the 'voice of the stakeholder' into product development. At the same time, it enables Airservices to maintain operational excellence over the long term by renewing and retaining the relevance of its ATM products and services in the marketplace. The leading edge new and enhanced ATM products, services and technologies will also give the organisation a source of differentiation in the market place.

Other key achievements during the year included:

- Continuing representation with the International Civil Aviation Organization (ICAO) assisting the Department of Transport and Regional Services (DoTRS) with expert technical advice. DoTRS has prime responsibility for ICAO activities but our involvement also maintains its contact with international developments in aviation. Airservices also continued to be represented on the Global Navigation Satellite System Working Group of ICAO.
- Developing a corporate strategic business risk profile, which provides a consolidated view of the business risks confronting Airservices. This represents the final outcome of several integrated business risk assessments and evaluations conducted across all business groups. The corporate business risk framework adopted for this purpose is based on the Australian/New Zealand Standard 4360:1999 Risk Management, suitably modified to include control self-assessment practices as an integral part of the process. The effective management of all business risk management outcomes is achieved through a centralised networked database system, with monitoring of the process the responsibility of the corporate audit function. To achieve optimum value from the process, business risk management is directly linked to the annual strategic planning processes in the organisation.
- Designing a set of Board Governance Guidelines which cover matters such as the roles and responsibilities of the Board and its Directors, its relationships with the Minister and management, the structure and frequency of meetings, strategy formulation, continuous improvement and performance assessment. The Guidelines conform to corporate best practice.

Ministerial directions

The Minister issued the organisation a Charter Letter on 26 October 1999 which sets out strategic directions on the matters that are crucial to the achievement of the Government's commitment to aviation safety. The Charter Letter as well as Ministerial directions continuing from previous financial years is at Appendix 4.

FINANCIAL STATEMENTS

For the year ended 30 June 2001

Financial Statements

FOR THE YEAR ENDED 30 JUNE 2001

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Independent Audit Report – Web-based Financial Report

To the Minister for Transport and Regional Services

Matters relating to the electronic presentation of the audited financial report

This audit report relates to the financial report of Airservices Australia (Airservices) for the financial year ended 30 June 2001 included on Airservices' web site. Airservices' directors are responsible for the integrity of the Airservices' web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Scope

I have audited the financial statements of Airservices Australia for the year ended 30 June 2001. The financial statements comprises:

- Statement by Directors;
- Statement of Financial Performance;
- Statement of Financial Position;
- Statement of Cash Flows;
- Schedule of Commitments and Contingencies; and
- Notes to and forming part of the Financial Statements.

The members of the Board are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence

supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view of the entity which is consistent with my understanding of its financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion:

- the financial statements have been prepared in accordance with Schedule 1 of the Finance Minister's Orders; and
- the financial statements give a true and fair view, in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and Schedule 1 of the Commonwealth Authorities and Companies (Financial Statements 2000-2001) Orders, of the financial position of the Airservices Australia as at 30 June 2001 and the results of its operations and its cash flows for the year then ended.

Australian National Audit Office



Edward M. Hay
Group Executive Director

Delegate of the Auditor-General

Canberra
28 August 2001

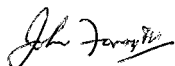
STATEMENT BY DIRECTORS

In accordance with a resolution of the Board of Airservices Australia, we state:

In the opinion of the Directors:

- (a) the financial statements of Airservices Australia are drawn up to give a true and fair view of the entity's financial performance for the year ended 30 June 2001, the financial position as at 30 June 2001, the cash flows for the year ended 30 June 2001, the commitments as at 30 June 2001, the contingencies as at 30 June 2001, and other matters required under the Commonwealth Authorities and Companies Act 1997.
- (b) at the date of this statement there are reasonable grounds to believe that Airservices Australia will be able to pay its debts as and when they fall due.

On behalf of the Board



John P C Forsyth
Chairman



B R Smith
Managing Director

Dated at *Canberra* this *27th* day of August 2001

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2001

NOTES

		2001 \$'000	2000 \$'000
REVENUES FROM ORDINARY ACTIVITIES			
Airways revenues		548,540	568,392
Government subsidy		7,000	11,000
Write-back of legal expense provisions		–	30,914
Proceeds from disposal of assets	2	5,233	35,327
Interest revenue	2	5,150	801
Other revenue		16,865	16,228
TOTAL REVENUES FROM ORDINARY ACTIVITIES		582,788	662,662
EXPENSES FROM ORDINARY ACTIVITIES *			
Employees		318,032	375,029
Suppliers			
Indirect operational costs		57,493	67,647
Other support costs		48,959	40,383
Written-down value of disposed assets	2	5,003	27,751
Depreciation	2	59,385	65,734
Interest	2	7,221	7,827
TOTAL EXPENSES FROM ORDINARY ACTIVITIES		496,093	584,371
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX			
Income tax attributable to profit from ordinary activities	3	86,695 30,744	78,291 42,544
NET PROFIT AFTER INCOME TAX		55,951	35,747
Accumulated losses at the beginning of the financial year		(130,909)	(153,656)
TOTAL AVAILABLE FOR APPROPRIATION		(74,958)	(117,909)
Dividends provided for or paid	4	22,100	13,000
ACCUMULATED LOSSES AT THE END OF THE FINANCIAL YEAR		(97,058)	(130,909)

* Included in the Expenses from Ordinary Activities is \$11.373m in direct costs for Community Service Activities (2000: \$7.858m) funded by Airservices and charged to operations during the year to meet the specific requirements of the Government. If corporate overheads and profit margins were included, the costs would be substantially higher. (refer Note 2b)

The Statement of Financial Performance is to be read in conjunction with the notes to and forming part of the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2001

		NOTES	
		2001	2000
		\$'000	\$'000
CURRENT ASSETS			
Cash		108,627	67,923
Receivables	5	57,808	61,763
Other	6	25,461	33,266
TOTAL CURRENT ASSETS		191,896	162,952
NON-CURRENT ASSETS			
Land and buildings	7	72,186	78,619
Infrastructure, plant and equipment	7	275,301	324,975
Other	6	52,257	52,578
TOTAL NON-CURRENT ASSETS		399,744	456,172
TOTAL ASSETS		591,640	619,124
CURRENT LIABILITIES			
Borrowings	8	99,973	–
Provisions and payables	9	150,745	190,584
TOTAL CURRENT LIABILITIES		250,718	190,584
NON-CURRENT LIABILITIES			
Borrowings	8	–	99,901
Provisions	9	95,790	92,358
TOTAL NON-CURRENT LIABILITIES		95,790	192,259
TOTAL LIABILITIES		346,508	382,843
NET ASSETS		245,132	236,281
SHAREHOLDER'S EQUITY			
Capital	10	342,190	367,190
Accumulated losses	10	(97,058)	(130,909)
TOTAL SHAREHOLDER'S EQUITY		245,132	236,281

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2001

NOTES

	2001	2000
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of goods and services tax)	569,089	579,301
Receipts from government	7,000	11,000
Interest received	4,723	801
Payments to suppliers and employees (inclusive of goods and services tax)	(458,978)	(534,994)
Interest and other financing costs paid	(7,157)	(7,755)
Income tax paid	(13,029)	(91)
Net cash provided by operating activities	101,648	48,262
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	5,233	35,327
Payment for property, plant and equipment	(19,077)	(23,106)
Net cash (used in) / provided by investing activities	(13,844)	12,221
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(22,100)	(13,000)
Capital repaid	(25,000)	–
Net cash used in financing activities	(47,100)	(13,000)
Net increase in cash held	40,704	47,483
Cash at the beginning of the financial year	67,923	20,440
CASH AT THE END OF THE FINANCIAL YEAR	108,627	67,923

The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the financial statements.

SCHEDULE OF COMMITMENTS & CONTINGENCIES

AS AT 30 JUNE 2001

	NOTES	
	2001	2000
	\$'000	\$'000
COMMITMENTS		
CAPITAL COMMITMENTS		
Infrastructure, plant and equipment	4,572	2,789
TOTAL CAPITAL COMMITMENTS	4,572	2,789
OTHER COMMITMENTS		
Operating leases	89,489	106,310
Project commitments	3,231	438
Other commitments	27,348	23,904
TOTAL OTHER COMMITMENTS	120,068	130,652
COMMITMENTS RECEIVABLE	(11,142)	(6,524)
NET COMMITMENTS	113,498	126,917
MATURITY		
Not later than one year	25,926	29,519
Later than one year but not later than two years	18,854	17,128
Later than two years but not later than five years	32,590	41,356
Later than five years	36,128	38,914
NET COMMITMENTS	113,498	126,917

CONTINGENCIES

There are no contingent liabilities as at 30 June 2001.

The Schedule of Commitments & Contingencies is to be read in conjunction with the notes to and forming part of the financial statements.

FOR THE YEAR ENDED 30 JUNE 2001

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**a. Basis of Accounting**

The financial statements have been prepared in compliance with the guidelines for Financial Statements of Commonwealth Authorities issued by the Minister for Finance and Administration for reporting periods ending on and after 30 June 2001. The financial statements comprise a general purpose financial report that has been prepared in accordance with applicable Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The financial statements have been prepared on the basis of historical costs except for certain non-current assets which are at valuation as described in note 7.

All amounts are shown in thousands of dollars unless otherwise stated, and are expressed in Australian currency.

b. Property, Plant and Equipment**Cost and Valuation**

Property, plant and equipment are brought to account at cost or at valuation, less, where applicable, accumulated depreciation or amortisation.

Assets purchased by Airservices are initially valued at cost. Labour and direct overheads incurred in installation are capitalised and added to the cost. Assets constructed by Airservices are initially recognised at cost of materials, labour and direct overheads.

Property, plant and equipment, excluding software, was progressively valued during the year as part of a three year revaluation cycle. Assets within a class that are acquired after the commencement of a revaluation cycle are not included in the revaluation in progress. Revaluation increments and decrements are accounted for separately for each class of assets.

Leases

Operating lease payments where the lessor effectively retains substantially all of the risks and benefits of ownership of leased assets, are included in the determination of the operating profit in equal instalments over the lease term.

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to Airservices, are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Depreciation

Property, plant and equipment, excluding freehold land, are depreciated or amortised at rates based upon their expected useful lives using the straight line method. The expected useful lives are as follows:

Buildings (including fittings)	10-40 years
Infrastructure, plant and equipment	3-20 years

Spares

Asset specific spare parts (repairable spares) have been treated as plant and equipment and depreciated over the useful life of the parent asset to which they are related.

c. Inventories

Inventories consist of retail and publication material for sale to the aviation industry. Inventories are valued at the lower of cost or net realisable value, using the weighted average unit cost method.

FOR THE YEAR ENDED 30 JUNE 2001

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont.

d. Receivables

All trade debtors are recognised at the amounts receivable from the date of the invoice for services provided. The terms of all invoices are 28 days. Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubt as to collection exists and in any event where the debt is more than 90 days overdue for commercial entities or 150 days for Government entities.

e. Trade and Other Creditors

These amounts represent liabilities for goods and services provided to Airservices prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

f. Comparative Figures

Comparative figures in the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Statement of Commitments & Contingencies and the notes to and forming part of the financial statements relate to the prior year's financial statements.

The revised Finance Ministers Orders for periods ending on or after 30 June 2001 no longer permits the disclosure of abnormal items as a separate item on the Statement of Financial Performance. Consequently the comparatives for the \$21.114m in abnormal items identified in the 30 June 2000 Financial Statements have been reclassified as set out in the following paragraph.

The reversal of provisions for legal costs and litigation (\$30.914m) and the proceeds from disposal of property, plant and equipment (\$35.327m) have been included as revenue in the comparatives. The additional provision for early retirement benefits (\$16.651m) has been reclassified as employee costs whilst the Year 2000 direct project costs (\$1.320m) and the Avgas refund (\$0.043m) have been reclassified as indirect operational costs and other revenue respectively. The cost of disposal of assets (\$27.156m) have been identified separately in expenses from ordinary activities.

g. Superannuation

Contributions to defined benefit superannuation schemes maintained by Airservices are expensed in the year they are paid or become payable. No amount is recognised in the financial statements in respect of the net surplus or deficit in each scheme.

The amount charged to the Statement of Financial Performance in respect of superannuation represents the contributions made to the superannuation fund. Superannuation contributions are made in the period that they fall due.

h. Cash

For the purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

i. Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the Statement of Financial Performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

j. Recoverable Amount of Non-Current Assets

The carrying amounts of non-current assets have been reviewed by the directors to determine whether they exceed their recoverable amounts. The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and

FOR THE YEAR ENDED 30 JUNE 2001

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES cont.

subsequent disposal. Where net cash inflows are derived from a group of assets working together, the recoverable amount is determined on the basis of the relevant group of assets. Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is revalued to its recoverable amount. To the extent that a revaluation decrement reverses a revaluation increment previously credited to, and still included in the balance of, the asset revaluation reserve, the decrement is debited directly to that reserve. Otherwise the decrement is recognised as an expense in the Statement of Financial Performance. The expected net cash inflows included in determining recoverable amounts of non-current assets are discounted to their present values using a market-determined, risk-adjusted discount rate.

k. Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

l. Employee Entitlements**Wages and Salaries and Annual Leave**

Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

Long Service Leave

A liability for long service leave is recognised, and is measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Early Retirement Benefit

A liability for Early Retirement Benefit is recognised in accordance with the Airservices Australia Enterprise Agreement 1998-2001, and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

NOTES

	2001	2000
	\$'000	\$'000

2 PROFIT FROM ORDINARY ACTIVITIES

- a Profit from Ordinary Activities before income tax is arrived at after the following items of revenue and expenditure:

Revenue

Interest received or due and receivable

– Loans	5,099	710
– Deposits	43	77
– Other	8	14

Total interest received or due and receivable

5,150 801

Expenditure

Operating lease charges

17,864 22,160

Interest paid/payable

– Loans	7,032	7,575
– Overdrafts	21	26
– Other borrowing costs	168	226

Total interest paid/payable

7,221 7,827

Depreciation of property, plant and equipment

7(a) 59,385 65,734

Write downs to recoverable amounts

7(a) 2,582 –

Movement in doubtful debts provision

1,124 1,300

Bad debts written off

583 221

Total doubtful debt expenses

1,707 1,521

Gains from sale of non-current assets

– Proceeds from disposal of assets	5,233	35,327
– Written-down value of disposed assets	5,003	27,751

Net gain from sale of non-current assets

230 7,576

FOR THE YEAR ENDED 30 JUNE 2001

	2001	2000
	\$'000	\$'000

2 PROFIT FROM ORDINARY ACTIVITIES cont.

b Community Service Activities

The community service activities funded by Airservices and charged to operations during the year to meet the specific requirements of the Government, considered by the Board to be non-commercial in nature, include:

Shortfall in the Government subsidy used to maintain price capping at general aviation and regional airports.	4,912	1,457
Shortfall in recovery of the costs for aviation rescue and fire fighting services at Port Hedland and Karratha	330	448
Provision for environmental information (reports, statistics and maps) by:		
– Environmental Services Branch	1,686	1,563
– Noise and Flight Path Monitoring System	1,159	2,238
Sydney Olympics	1,458	905
Noise inquiry lines	1,435	1,247
Legal settlements in relation to predecessor organisation	393	–
Total community service activities	11,373	7,858

The community service costs disclosed above are the direct costs incurred by Airservices for these activities. If corporate overheads and profit margins were included, the costs would be substantially higher.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

	2001	2000
	\$'000	\$'000

3 INCOME TAX

- a The prima facie tax on profit from ordinary activities is reconciled to the income tax provided in the financial statements as follows:

Profit from ordinary activities before income tax	86,695	78,291
Prima facie income tax expense at 34% (2000 36%)	29,476	28,185
Tax effect of permanent and other differences:		
– Litigation adjustment	(275)	3,534
– Provision for Taxation Laws Amendment Act (No. 1) 1999	(387)	(1,679)
– Reduction in Corporate Tax Rate	–	11,872
– Other non-deductible expenditure	186	1,053
– Research and development tax incentive	(111)	(108)
Under/(over) provision for income tax applicable to prior years	1,855	(313)
Income tax attributable to profit from ordinary activities	30,744	42,544

4 DIVIDENDS

An interim dividend of \$13.600m for the 6 months ending 31 December 2000 was paid in June 2001 (2000 \$13.000m)

A final dividend of \$8.500m for the 12 months ending 30 June 2000 was paid in February 2001.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

	2001 \$'000	2000 \$'000
5 RECEIVABLES		
Current		
Trade debtors	55,690	55,613
Less: provision for doubtful debts	(5,122)	(3,998)
	50,568	51,615
Sundry debtors	6,160	8,730
Accrued revenue and interest	1,080	1,418
Total Current Receivables	57,808	61,763
Aged analysis of trade debtors		
Up to 30 days outstanding	49,137	47,971
31 to 60 days outstanding	4,072	3,742
61 to 90 days outstanding	534	1,035
Over 90 days outstanding	1,947	2,865
	55,690	55,613
6 OTHER ASSETS		
Current		
Prepayments	12,112	9,826
Asset held for resale	6,654	–
Consumable spares – at cost	1,234	2,056
Inventories – at cost	393	264
Future Income Tax Benefits – attributable to timing differences	5,068	21,120
Total Current Other Assets	25,461	33,266
Non-Current		
Consumable spares – at cost	2,818	2,598
– Less provision for obsolescence	(1,739)	(1,821)
	1,079	777
Future Income Tax Benefits – attributable to timing differences	51,178	51,801
Total Non-Current Other Assets	52,257	52,578

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

7 PROPERTY, PLANT AND EQUIPMENT

a Aggregate Property, Plant and Equipment

Item	Land	Buildings	Total land and buildings	Infrastructure, plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross value – 1 July 2000	9,159	75,245	84,404	375,733	460,137
Additions	–	911	911	18,166	19,077
Transfer to asset held for resale	–	–	–	(8,205)	(8,205)
Recoverable Amount Write-Downs	–	(2,128)	(2,128)	(1,229)	(3,357)
Disposals	(151)	(1,641)	(1,792)	(5,090)	(6,882)
Gross value – 30 June 2001	9,008	72,387	81,395	379,375	460,770
Accumulated depreciation – 1 July 2000	–	(5,785)	(5,785)	(50,758)	(56,543)
Depreciation charged	–	(4,107)	(4,107)	(55,278)	(59,385)
Amortisation of Repairable Spares	–	–	–	(1,560)	(1,560)
Transfer to asset held for resale	–	–	–	1,551	1,551
Recoverable Amount Write-Downs	–	491	491	284	775
Disposals	–	192	192	1,687	1,879
Accumulated depreciation – 30 June 2001	–	(9,209)	(9,209)	(104,074)	(113,283)
Net book value – 30 June 2001	9,008	63,178	72,186	275,301	347,487
Net book value – 30 June 2000	9,159	69,460	78,619	324,975	403,594

FOR THE YEAR ENDED 30 JUNE 2001

7 PROPERTY, PLANT AND EQUIPMENT cont.

b. Reconciliation of assets held at valuation

Item	Land	Buildings	Total land and buildings	Infrastructure, plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2001					
At Cost	–	1,494	1,494	113,842	115,336
At Independent Valuation June 2001	365	27,431	27,796	50,766	78,562
At Directors' Valuation June 2000	8,643	43,462	52,105	214,767	266,872
Less Accumulated Depreciation	–	(9,209)	(9,209)	(104,074)	(113,283)
Net book value	9,008	63,178	72,186	275,301	347,487
As at 30 June 2000					
At Cost	–	5,650	5,650	159,738	165,388
At Directors' Valuation June 2000	9,159	69,595	78,754	215,994	294,748
Less Accumulated Depreciation	–	(5,785)	(5,785)	(50,757)	(56,542)
Net book value	9,159	69,460	78,619	324,975	403,594

c. Valuation

The basis of valuations of property, plant and equipment is in accordance with the "deprival" method of valuation and is performed as part of a progressive three year revaluation cycle. Assets within a class that are acquired after the commencement of a revaluation cycle are not included in the revaluation in progress.

In accordance with Note 1(j), the directors have reviewed the carrying amounts of all property, plant and equipment at 30 June 2001 and ensured where assets exceed their recoverable amount they have been written down to their recoverable amount.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

	2001 \$'000	2000 \$'000
8 BORROWINGS		
Current		
Unsecured loans		
– Bank loans – bonds ⁽¹⁾	99,973	–
Total Current Borrowings	99,973	–
Non-Current		
Unsecured loans		
– Bank loans – bonds ⁽¹⁾	–	99,901
Total Non-Current Borrowings	–	99,901
Maturity Schedule		
Total amount of loans payable within:		
– Not later than 1 year	99,973	–
– Later than 1 year but not later than 2 years	–	99,901
– Later than 2 years but not later than 5 years	–	–
Total Borrowings	99,973	99,901

⁽¹⁾ This represents a medium term bond facility which matures in November 2001. It is expected a new facility for similar amounts and terms will be in place from the date the existing facility matures.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

	2001 \$'000	2000 \$'000
9 PROVISIONS AND PAYABLES		
Current Payables		
Suppliers		
– Trade creditors	7,903	10,723
Employees		
– Salaries and wages	7,904	9,119
– Superannuation	1,378	1,198
Other accrued expenses		
– Interest payable	4,606	4,614
– Revenue received in advance	2,054	1,879
– Goods and services tax	6,554	157
– Other	19,962	23,344
Total Current Payables	50,361	51,034
Current Provisions		
Employee entitlements		
– Long service leave	14,172	19,103
– Annual recreation leave	34,535	37,270
– Workers' compensation ⁽¹⁾	490	473
– Separations and redundancies	28,953	63,118
Taxation	20,276	19,160
Litigation and legal costs	1,958	426
Total Current Provisions	100,384	139,550
Total Current Provisions and Payables	150,745	190,584
Non-Current Provisions		
Employee entitlements		
– Long service leave	67,325	63,709
– Separations and redundancies	24,512	24,482
– Workers' compensation ⁽¹⁾	3,953	4,167
Total Non-Current Provisions	95,790	92,358

⁽¹⁾ These provisions represent Airservices' self insured liability for workers' compensation prior to 1 July 1989.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

10 SHAREHOLDER'S EQUITY

Item	Capital \$'000	Accumulated losses \$'000	Total equity \$'000
Balance – 1 July 2000	367,190	(130,909)	236,281
Net profit after income tax	–	55,951	55,951
Capital repayments	(25,000)	–	(25,000)
Dividends paid	–	(22,100)	(22,100)
Balance – 30 June 2001	342,190	(97,058)	245,132

11 SEGMENT REPORTING

Airservices operates solely in the Aviation Industry and predominantly in Australia.

	2001 \$'000	2000 \$'000
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12 STANDBY ARRANGEMENTS AND UNUSED CREDIT FACILITIES

Bank overdraft	5,000	5,000
Total credit facilities	5,000	5,000
Amount utilised	–	–
Unused credit facility	5,000	5,000
Loan facilities		
– Promissory note	300,000	300,000
– Eurobond	100,000	100,000
– Standby	50,000	50,000
Total loan facilities	450,000	450,000
Amount utilised	(99,973)	(99,901)
Unused loan facility	350,027	350,099

FOR THE YEAR ENDED 30 JUNE 2001

13 SUPERANNUATION COMMITMENTS

Airservices makes contributions to AvSuper (sponsored by Airservices) and Commonwealth Superannuation Administration (ComSuper) which administers the Commonwealth Superannuation Scheme (CSS) and Public Sector Superannuation (PSS) funds. Contributions to these defined benefit schemes are expensed in the year they are paid or become payable.

Airservices rates of contribution for CSS and PSS members are determined by ComSuper. Total contributions made by Airservices for CSS and PSS members to ComSuper during the period were \$12.683m and \$0.044m respectively.

AvSuper provides the normal range of employer sponsored benefits i.e. retirements, resignation, retrenchment, death and disablement. In addition to an accumulation fund, AvSuper operates a defined benefit scheme with benefits based on years of fund membership and final average salary. Flexible employee contribution rates range from 0% – 10%.

The last actuarial assessment of AvSuper as at 1 July 2000 was presented by CHR Consulting on 19 October 2000. Information relating to AvSuper based on the latest actuarial assessment and the financial report of AvSuper for year ended 30 June 2000 is set out below:

	\$'000
Present value of employees' accrued benefits	422,309
Net market value of assets held by AvSuper to meet future benefit payments	507,749
Surplus	59,468
Vested benefits	448,281
Employer contributions to AvSuper for the year ended 30 June 2001	25,487

AvSuper is scheduled to have its next full actuarial review on or before 1 July 2003. At balance date, the assets of the Fund were considered sufficient to satisfy all benefits payable to meet the ongoing liabilities of the fund including the voluntary or compulsory termination of employment of each employee covered by the Fund.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

	2001	2000
	\$	\$

14 REMUNERATION OF AUDITORS

Audit services for Airservices are provided by the Australian National Audit Office

Auditing Services	153,000	150,000
Other Services	–	–
	153,000	150,000

15 REMUNERATION OF DIRECTORS

Amounts received, or due and receivable, by Directors **293,770** 213,669

Certain amounts paid to Directors relate to previous financial years.

The Chief Executive Officers' remuneration is disclosed with the remuneration of executives below and is not included in director's remuneration.

The numbers of Directors whose remuneration falls within the specified bands are as follows:

			2001	2000	
	\$	\$	Number	Number	
	10,000	–	19,999	1	–
	20,000	–	29,999	2	2
	30,000	–	39,999	1	2
	40,000	–	49,999	2	1
	50,000	–	59,999	–	1
	100,000	–	110,000	1	–

FOR THE YEAR ENDED 30 JUNE 2001

16 REMUNERATION OF EXECUTIVES

Executive remuneration payments include base salary, pay at risk, termination payments, contract related payments, currency protection payments and fringe benefits tax. Remuneration received by the Executive managers, whose remuneration was at least \$100,000, totalled \$3,182,839 (2000 \$1,581,183). Within executive remuneration, payments on termination amounted to \$1,614,227 (2000 \$ –) including \$539,897 in contract related repatriation and currency protection payments and \$508,621 in fringe benefits tax payments.

Executive managers are those who are concerned with, or take part in, the management of Airservices. Executive manager's remuneration includes the remuneration of the Chief Executive Officer.

The numbers of Executive managers whose total remuneration falls within the specified bands are set out below. Some entries in the banding table relate to part year only.

			2001 Number	2000 Number
\$	\$			
110,000	–	119,999	1	–
220,000	–	229,999	–	2
240,000	–	249,999	–	1
270,000	–	279,999	1	–
310,000	–	319,999	1	–
320,000	–	329,999	–	1
360,000	–	369,999	–	1
440,000	–	449,999	1	–
590,000	–	599,999 ⁽¹⁾	1	–
1,440,000	–	1,449,999 ⁽²⁾	1	–

⁽¹⁾ includes payments on termination of \$393,029

⁽²⁾ includes payments on termination of \$1,221,198

FOR THE YEAR ENDED 30 JUNE 2001

17 RELATED PARTY TRANSACTIONS

Directors

The names of persons who were Directors of Airservices Australia during the financial year are as follows:

Chairman	John P C Forsyth (re-appointed 1 July 2001)
Chief Executive Officers	William H Pollard (until 5 November 2000) Bernard R Smith (from 6 November 2000)
Non-Executive Directors	Dr Ian Blackburne (from 1 July 2000) Ronald Entsch (re-appointed 1 July 2001) Air Marshal Leslie Fisher AO (Retd) (appointed Deputy Chairman from 1 July 2001) Kevin Gale Belinda Gibson (from 10 October 2000) Captain David Shrubbs (from 1 July 2000)

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

Directors:

As part of repatriation arrangements to the United States, the residence of the former Chief Executive Officer was purchased at net market value by Airservices Australia for \$319,427 and subsequently disposed of by Airservices Australia to an unrelated third party for \$321,693, net of selling costs.

Director-related entities:

Certain director-related entities have transactions with Airservices that occur within normal customer or supplier relationships on terms and conditions no more favourable than those with which it is reasonable to expect Airservices would have adopted if dealing with the director-related entity at arm's length in similar circumstances. These transactions include the following entities and have been described below where the transactions are considered likely to be of interest to users of these financial statements:

- Aviation and publication amendment services were provided to Airwing Services Pty. Ltd. and Eurocopter International Pacific Ltd, companies of which Mr J P C Forsyth is a director.
- Legal services amounting to \$39,783 have been provided to Airservices Australia by Mallesons Stephen Jaques, a firm in which Belinda Gibson is a partner.
- Employer superannuation contributions were made to AvSuper Pty. Ltd., a superannuation fund, of which Mr Ronald Entsch was appointed by the Airservices Board as a trustee director.

FOR THE YEAR ENDED 30 JUNE 2001

18 FINANCIAL INSTRUMENTS

Financial Instruments

Airservices is exposed to financial risks arising from movements in interest rates and foreign exchange rates. Airservices uses derivative financial instruments to minimise the impact of adverse movement in rates within the framework of a comprehensive set of risk management policies approved by the Directors. Financial risk is managed centrally and speculative trading is strictly prohibited.

Interest Rate Risk Exposures

The following table summarises the interest rate risk exposures of Airservices, together with effective interest rates at balance date.

2001			Fixed interest maturing in:					
	Notes	Average interest rate	Floating Interest rate \$'000	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000	Non interest bearing \$'000	Total \$'000
Financial assets								
Cash and deposits		5.066%	108,566	–	–	–	61	108,627
Receivables	5	–	–	–	–	–	57,808	57,808
Total			108,566	–	–	–	57,869	166,435
Financial liabilities								
Trade and other creditors	9		–	–	–	–	50,361	50,361
Bank loans – bonds	8	7.375%	–	99,973	–	–	–	99,973
Total			–	99,973	–	–	50,361	150,334
Net Financial								
Assets / (Liabilities)			108,566	(99,973)	–	–	7,508	16,101

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

18 FINANCIAL INSTRUMENTS cont.

2000	Notes	Average interest rate	Fixed interest maturing in:				Non interest bearing	Total
			Floating	1 year	1 to 5	More than		
			Interest rate	or less	years	5 years		
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Cash and deposits		5.950%	67,861	–	–	–	62	67,923
Receivables	5	–	–	–	–	–	61,763	61,763
Total			67,861	–	–	–	61,825	129,686
Financial liabilities								
Trade and other creditors	9	–	–	–	–	–	51,034	51,034
Bank loans – bonds	8	7.375%	–	–	99,901	–	–	99,901
Total			–	–	99,901	–	51,034	150,935
Net Financial Assets / (Liabilities)			67,861	–	(99,901)	–	10,791	(21,249)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

NOTES

	2001	2000
	\$'000	\$'000

18 FINANCIAL INSTRUMENTS cont.

Reconciliation of net financial assets/(liabilities) to net assets

Net financial assets/(liabilities) as above		16,101	(21,249)
Other current assets	6	25,461	33,266
Non-current assets	6,7	399,744	456,172
Current provisions	9	(100,384)	(139,550)
Non-Current provisions	9	(95,790)	(92,358)
Net assets as per statement of financial position		245,132	236,281

Foreign Exchange Risk Exposure

Airservices' exposure to foreign currency exchange rate risk arises primarily from committed transactions relating to capital expenditure program undertakings up to 12 months ahead, asset sales and revenue earned from international activities. At balance date, the details of outstanding contracts are (Australian dollar equivalents):

Sell US Dollars	Buy Australian Dollars	Average Exchange Rate
	2001	2000
	\$'000	\$'000
	\$US/\$1	\$US/\$1

Maturity

3 months or less	8,201	—	0.5136	—
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Credit Risk Exposures

Credit risk represents the risk that one party to a transaction will fail to discharge an obligation and cause the other party to suffer a financial loss. Airservices enters into financial derivative contracts with counterparties with Standard and Poors' rating of at least AA-.

Net Fair Value of Financial Assets and Liabilities

The carrying amounts and estimated net fair values of financial assets and financial liabilities (including derivatives) held at balance date are given below. The net fair value of a financial asset or a financial liability is the amount at which the asset could be exchanged, or a liability settled in a current transaction between willing parties after allowing for transaction costs.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

18 FINANCIAL INSTRUMENTS cont.

	2001		2000	
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
Financial assets				
Forward exchange contracts	8,201	8,264	—	—
Other assets	166,435	166,435	129,686	129,686
	174,636	174,699	129,686	129,686
Financial liabilities				
Short term debt	99,973	99,548	—	—
Long term debt	—	—	99,901	105,700
Other liabilities	50,361	50,361	51,034	51,034
	150,334	149,909	150,935	156,734

The following methods and assumptions were used to estimate the net fair value of each class of financial instrument.

Short and long term debt

The net fair value of short and long term debt is determined by reference to current market rates.

Foreign exchange contracts

The net fair value of forward foreign exchange contracts is determined by reference to current forward rates for contracts with similar maturity.

FOR THE YEAR ENDED 30 JUNE 2001

	2001 \$'000	2000 \$'000
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19 NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows, is reconciled to the related items in the balance sheet as follows:

Cash, advances and cash on call	108,627	67,923
Total Cash	108,627	67,923

Reconciliation of net profit after income tax to net cash provided by operating activities

Net profit after income tax	55,951	35,747
Adjustments for non-cash income and expense items		
Depreciation	59,385	65,734
Amortisation of repairable spares	1,560	–
Recoverable amount write-downs	2,582	–
Net profit on sale of property, plant and equipment	(230)	(7,576)
Assets transferred to items held for resale	6,654	–
Amortisation of discount on bonds	72	72
Changes in assets		
(Increase)/decrease in accounts receivable	2,831	(6,578)
(Increase)/decrease in inventories and spares	392	(455)
(Increase)/decrease in assets held for resale	(6,654)	–
(Increase)/decrease in prepayments and other assets	(2,286)	5,812
(Increase)/decrease in future income tax benefit	16,675	21,513
Changes in liabilities		
Increase/(decrease) in employee entitlements	(39,417)	(42,921)
Increase/(decrease) in doubtful debts	1,124	1,300
Increase/(decrease) in legal provisions	1,532	(48,291)
Increase/(decrease) in income tax payable	1,116	20,145
Increase/(decrease) in interest payable	(8)	2
Increase/(decrease) in creditors	369	3,758
Net cash provided by operating activities	101,648	48,262

20 MONIES HELD IN TRUST

Airservices has been contracted by the Solomon Islands Civil Aviation Authority to provide airspace management and accounts receivable services. The contract requires Airservices to retain cash received and to remit funds at a later date to the Solomon Islands on the instruction of their contract manager. At statement date, the money held in trust totalled \$0.386m (2000 \$0.467m)

APPENDICES

APPENDIX 1

Board

Members

Board members for 1 July 2000 – 30 June 2001 were:

John Forsyth (Chairman)

Ronald Entsch

Kevin Gale

Les Fisher

David Shrubbs

Ian Blackburne

Belinda Gibson (term commenced 10 October 2000)

William H Pollard (term expired 5 November 2000)

Bernie Smith (term commenced 6 November 2000)

All members served throughout the financial year, except where otherwise indicated.

Meetings

The Board met 10 times during the year, at the venues shown below:

21 July 2000	Brisbane
25 August 2000	Canberra
8 October 2000	Katoomba
24 November 2000	Canberra
19 December 2000	Sydney
19 January 2001	Canberra
15 February 2001	Melbourne
23 March 2001	Canberra
20 April 2001	Canberra
18 May 2001	Darwin

Committees

The committees assisting the Board were:

Safety and Environment Committee

Members: Les Fisher (Chairman), Ron Entsch, Kevin Gale, David Shrubbs (as from 19 January 2001), John Forsyth (ex-officio member), Bill Pollard (ex-officio member up until 5 November 2000), Bernie Smith (ex-officio member as from 6 November 2000).

The Safety and Environment Committee met 11 times: eight meetings were held in Canberra, one in Sydney, one in Melbourne and one in Brisbane.

Audit Committee

Members: Ron Entsch (Chairman), Les Fisher (up until 18 January 2001), John Forsyth (ex-officio member), Belinda Gibson (as from 19 January 2001), Ian Blackburne (as from 19 January 2001).

The Audit Committee met four times: three meetings were held in Canberra and one in Sydney.

Remuneration Committee

Members: John Forsyth (Chairman), Ron Entsch, Bill Pollard (up until 5 November 2000), Bernie Smith (as from 6 November 2000), Les Fisher (acting Chairman for 1 meeting).

The Remuneration Committee met six times: five meetings were held in Canberra and one via a telephone hook-up.

Olympic Security Committee¹

Members: Les Fisher, Bill Pollard (up until 5 November 2000).

The Olympic Security Committee met twice: both meetings were held in Canberra.

¹ The Committee was established to review security arrangements in the lead up to the Sydney 2000 Olympic Games.

Directors' Meetings

Name	Airservices Board	Audit Committee	Safety & Environment Committee	Remuneration Committee	Olympic Security Committee
	Mtgs during term	Mtgs during term	Mtgs during term	Mtgs during term	Mtgs during term
John Forsyth	10	(ex officio)	(ex officio)	6	5
Ian Blackburne	8	2	N/A	N/A	N/A
Ronald Entsch	10	4	11	6	N/A
Kevin Gale	10	N/A	11	N/A	N/A
Belinda Gibson	7	2	N/A	N/A	N/A
William Pollard	3	N/A	(ex officio)	1	1
Les Fisher	10	2	11	1	2
David Shrubbs	10	N/A	5	N/A	N/A
Bernie Smith	7	N/A	(ex officio)	4	4

Note total meetings:

Board	10
S&E Committee	11
Audit Committee	4
Remuneration Committee	6
Olympic Safety Committee	2

APPENDIX 2

Board biographies

JOHN PC FORSYTH Chairman



John Forsyth, holder of a Private Pilots Licence (Helicopter) since 1991, is chairman of the Dymocks Group of companies with interests in book and coffee retailing, property investment and farming. As well as his involvement with Dymocks, Mr Forsyth is Chairman of Eurocopter International Pacific. Eurocopter is the largest manufacturer of civil and military helicopters in the world and is a subsidiary of the giant European aerospace conglomerate EADS. Mr Forsyth is also Chairman of SmartTrans Holdings, a West Australian-based technology company engaged in vehicle route optimisation and satellite vertical tracking which also has mining interests in WA and north-west Queensland.

DR IAN DAVID BLACKBURNE



Dr Ian Blackburne was, until his retirement, the Chief Executive Officer of Caltex Australia and its predecessor Ampol. Dr Blackburne has a strong background in the management and strategic planning of large organisations and is the recipient of the 1997 Award of Excellence in Chemical Engineering 'for exceptional achievement in Management and Leadership'.

Dr Blackburne has a PhD (1971) and MBA (1980) from the University of Queensland and currently holds the following positions: Chairman, Royal Botanic Gardens and Domain Trust; Chairman, Australian Nuclear Science & Technology Organisation; Director of CSR Limited, Suncorp-Metway Ltd & Teekay Shipping Corporation; Adjunct Professor of Chemistry and Management at the University of Queensland and a Member of the Australian Committee of Lloyds Register of Shipping; Fellow of the Australian Institute of Company Directors; and Fellow of the Australian Academy of Technological Sciences and Engineering.

RONALD HUGH ENTSCHE



Ron Entsch has had a distinguished career in aviation, including 37 years' experience with a number of airlines. At Air Queensland he rose to be Group General Manager and was General Manager Operations at East West Airlines in Sydney. At Ansett Australia Mr Entsch held senior positions including State Manager, Queensland, and finally General Manager Operations at Melbourne Head Office. He was responsible for day-to-day running of the airline, until his retirement in 1996.

His professional qualifications include a Master of Business Administration and he has extensive experience in industry affairs. He is Adjunct Professor of Aviation Management at Griffith University and a Fellow of the Royal Aeronautical Society.

AIR MARSHAL LES FISHER AO (Ret'd)



Air Marshal Fisher had a distinguished military career culminating in his appointment as Chief of Air Force from 1994 to 1998. The Air Marshal managed some 20,000 personnel with a budget of \$1.5 billion and was a very strong advocate of flying safety awareness. Over his 38 years military service he accumulated in excess of 5,000 hours on mainly multi-engined surveillance aircraft. He was appointed an Officer of the Order of Australia in 1993 for service to the Australian Defence Force.

KEVIN ONSLOW GALE



Kevin Gale has more than 40 years experience in the General Aviation industry as pilot and instructor, and in Air Traffic Control (ATC). Mr Gale is the holder of a Commercial Pilot Licence and an Air Traffic Control Licence. He has endorsements on most GA aircraft, and has more than 5500 hours flying time.

In ATC, Mr Gale has had wide experience as an operating and check controller, as well as extensive management experience up to that of the Senior Supervisor, ATC, NSW Region. He has played leading roles in the conception, development and introduction of: Pilot Awareness and Safety Seminars; Simultaneous Runway Operations in Australia; Slot Flow Control at Sydney airport; helicopter lanes throughout the Sydney metropolitan area; and the restructuring of Pacific Ocean and Tasman Sea air routes.

BELINDA GIBSON



Belinda Gibson is a partner of the national legal firm Mallesons Stephen Jaques, specialising in corporate law, and is also Partner in Charge of the Sydney office, responsible for overseeing administration of that office.

Ms Gibson has extensive experience negotiating corporate acquisitions, commercial transactions and joint venture arrangements, in Australia and offshore. She advises some of the firm's major clients in the chemicals, airlines, tourism, technology and financial services industries; and in that role oversees all aspects of the legal service provided and gives strategic commercial advice on a wide variety of issues.

Ms Gibson has a Bachelor of Economics and Laws from Sydney University and a Master of Laws from Cambridge University.

WILLIAM H POLLARD



Bill Pollard was appointed Chief Executive Officer of Airservices Australia on 6 November 1995. His appointment followed a 29-year career with the US Federal Aviation Administration, a career which saw him rise to the position of Associate Administrator, Air Traffic, with responsibility for a \$US2 billion budget and 26,000 employees providing air traffic control services. On his retirement from the FAA in May 1994 Mr Pollard was appointed Vice President Resource Management and Product Assurance with NYMA Incorporated, a major US consultancy firm dealing with aviation interests in Greenbelt, Maryland. He is the holder of a US Private Pilot Licence and has a Bachelor of Arts degree in Public Administration.

CAPTAIN DAVID SHRUBB



Captain David Shrubbs has extensive aviation experience including a period of 37 years spent in the service of Qantas.

Captain Shrubbs has: almost 21,000 accident free flying hours; over 2,000 hours in supervising training and checking in Qantas simulators; extensive experience in aircraft command with seven years on Boeing 707s, 14 years on 747s and seven years on 744's; a Commercial Pilot's Licence, a Senior Commercial Pilot's Licence, a Flight Navigator's Licence and a First Class Airline Transport Licence; spent ten years as a supervisory pilot in the Qantas Flight Training Department; been Chairman of the Overseas Branch of the Australian Federation of Air Pilots; and has been President of the Australian Federation of Air Pilots.

BERNARD ROSS SMITH



Bernie Smith was appointed Chief Executive Officer of Airservices Australia on 6 November 2000.

Mr Smith joined Airservices Australia in 1998 as Chief Operating Officer to head the organisation's Air Traffic Services business. He was Managing Director and Chief Executive Officer of Kinetik Energy and Westar, two trading companies which were born from the process of privatisation of Victoria's Gas and Fuel Corporation prior to becoming Chief Operating Officer at Airservices Australia. Previous roles included Chief Executive Officer of Hazelwood Power Corporation, General Manager Maintenance and Engineering Australian Airlines, and Director of Business Communications, Ericsson Australia.

APPENDIX 3

2000-01 Project summaries

This appendix provides a brief description of the purpose and composition of each of the major projects in the Project Expenditure Program, highlighting the outcomes and achievements of the 2000-01 financial year. Major projects are those which have a budget in excess of \$1m or which are of significant operational or strategic importance.

Continuing and completed projects

These projects had already commenced before the 2000-01 financial year and continued (at least) into the year.

Sydney Runway 25 Instrument Landing System (ILS) Installation

Approved Budget: \$1.32m

Estimated Completion: September 2001

This project is to procure, install and commission an Instrument Landing System (ILS) and associated Distance Measuring Equipment (DME) on Runway 25 at Sydney Airport for the purpose of providing a precision approach to the runway in a cost effective manner and at the earliest opportunity. The ILS is expected to lead to a greater number of larger aircraft choosing to land on Runway 25.

The commissioning of the Glide Path was delayed as the Botany Council had issues with the relocation of the runway threshold. Issues have been resolved and it is expected that the threshold will be relocated by September 2001.

Information Management Transformation Program

Approved Budget: \$1.71m (specification of requirements plus initial procurement process).

Estimated Completion: Late 2003

The first phase of the Information Management Transformation Program has been completed. This first phase included the detailed specification of requirements and the selection of the preferred business software solution.

Planning for the implementation phase has commenced with the development of a comprehensive blueprint for the implementation of the software currently underway. The blueprint will determine the concept design, record the definition of the business processes to be supported by the SAP software and the development of a detailed 'roll out' plan. This blueprint task will be completed by the end of 2001 and will be the basis of a request for tender to engage a firm to assist with the implementation of the software.

Rationalisation of Satellite Bandwidth

Approved Budget: \$2.20m (plus contingency of \$0.30m)

Estimated Completion: September 2001

This project reduced leased bandwidth requirements and the construction of a National Asynchronous Transfer Mode (ATM) Network via the Optus ATM service. The renegotiated contract with Optus covering satellite and ATM represented a saving of \$6m on the original satellite contract. In addition, implementing the ATM network provided sufficient capacity to enable around \$1m of services to be transferred from other leased services onto the network and the cancellation of these leased services.

The satellite component of the project was completed in April 2001, and the transfer of services onto the ATM network is almost complete. Besides the significant savings, modernising the network has provided increased flexibility and responsiveness.

Low Level Airspace Reform Project (LLARP)

Approved Budget: \$15.24m

Estimated Completion: December 2000

This project involves the transfer of Class G traffic information services into The Australian Advanced Air Traffic System (TAAATS), the establishment of the Flight Information Service (FIS) in Brisbane and the transfer of FIS from regional Flight Service Centres. Significant recurrent savings have been identified as a result of consolidating information service functions under this project.

On 15 December 2000 the remaining elements of DTI were transitioned to the Melbourne TAAATS environment and AUSFIC took over responsibility for all domestic HF communications and the provision of FIS through its Flightwatch outlets.

The transition of International HF from Perth to Brisbane was completed in March 2001, completing the project.

ATS Training College – Ferranti Simulator Upgrade

Approved Budget: \$1.84m

Estimated Completion: August 2002

Work has commenced to upgrade the existing Ferranti Air Traffic Control (ATC) Simulator used as a key component of ATC training at the Airservices College in Melbourne. This will be achieved by translating existing software code into a modern supportable language, rehosting the software onto a modern personal computer system and completing modification of the displays to provide full TAAATS functionality. Without this change, Airservices will not be able to provide cost-effective ab-initio training to meet internal needs or compete for external revenue generating work.

Alan Woods Building Refurbishment – Phase 3

Approved Budget: \$7.35m

Estimated Completion: June 2002

Following the successful sale and lease back of the organisation's head office building in Canberra – the Alan Woods Building – a tenancy refurbishment program is being implemented. This program will bring the working environment up to commercial standards and is allowing the subletting of vacant space at market rates.

New projects commenced in 2000-01

The following projects commenced in 2000-01.

Operational Data Warehouse

Approved Budget: \$2.58m

Estimated Completion: April 2002

The Operational Data Warehouse project will deliver a system to extract operational data from TAAATS (Eurocat), validate the data and then store it in a more accessible and functional hardware/software solution. Objectives are to improve the efficiency of data capture for chargeable events and to provide a system that will allow customers more flexibility with charging and payment options. The data warehouse will contain data that will improve business intelligence and also provide analysis tools that will allow a better and more efficient service to industry.

Airservices and the industry will benefit from the program through improved flight data capture and payment mechanisms providing a reduction in invoicing errors and improving responsiveness. It will also provide the ability to better customise services to meet industry needs.

Flight Inspection Restructure – King Air 200 Replacement of IAI 1125 SP Astra Jet

Approved Budget: \$0.30m (plus contingency of \$0.054m)

Estimated Completion: July 2001

This project was initiated to reduce the cost of providing the flight inspection service. This involves the decommissioning of the IAI Astra Jet owned by Airservices and the commissioning of a King Air 200 aircraft owned by AeroPearl Pty Ltd. Airservices flight inspection of ground based navigation aids throughout Australia, has been performed to date with an IAI Astra 1125 SP and a Super King Air B350 fitted with Aerodata Flugmesstechnik GmbH flight inspection systems. The flight inspection equipment installed in the Astra will be removed and then installed into the King Air 200. The commissioning of the KA 200 is scheduled for 17 July 2001.

Flight Inspection Restructure – Sale of IAI 1125 SP Astra Project

Approved Budget: \$0.55m (plus contingency of \$0.30m)

Estimated Completion: September 2001

This project is a result of the King Air 200 Replacement project where the Astra jet became surplus to requirements and was identified for sale.

A Request for Tender (RFT) was released by Airservices in December 2000 to manage the sale of the aircraft which involved a detailed analysis of the international and domestic secondhand jet aircraft market to ensure the aircraft sale return was maximised. The Ambidji Group Pty Ltd was selected for this role as Airservices' agent.

The schedule for the marketing and sale process indicates a sale by December 2001.

Ground based Regional Augmentation System (GRAS)

Approved Budget: \$3.2m

Estimated Completion: June 2002

Airservices successfully developed an international concept of operations for the use of Australian designed Ground based Regional Augmentation System (GRAS) technology. The concept was presented to the International Civil Aviation Organization's Global Navigation Satellite Systems (GNSS) Panel technical working group in October 2000. The concept will form the basis of the standards and recommended practices enabling GRAS to become an internationally accepted system. Australia was tasked to be the lead nation in developing the standards.

Sydney Airport Power Supply System Project

Approved Budget \$2.5m

Estimated Completion – October 2001

The Sydney Airport Power Supply System (SAPSS) project has been undertaken in response to two incidents involving power supply systems at Sydney Airport leading up to the 2000 Olympic Games. The project encompasses three essential areas of activity:

- the testing and review of existing procedures / systems;
- the development of a philosophy for the future design, operation and maintenance of Airservices' power supply systems; and
- the upgrading of the existing power supply systems to the Terminal Control Unit (TCU), the Control Tower and the Terminal Approach Radar (TAR) installations.

The work to be undertaken in the upgrade will result in a state of the art Duplicated Redundant, Parallel, Uninterruptible Power Supply Systems at both the Tower and TCU, and an upgrade to improve the security

of supply at the TAR site. The level of redundancy achieved will allow all maintenance activities to be undertaken without reducing the integrity of the UPS power supply. The emphasis of the design has been on maintainability and security. Uniform and standardised documentation will be developed across all sites affected by the upgrade.

As a result of the successful conclusion of the project the Sydney TCU Power Supply will have an availability level equal to the TAAATS centres in both Melbourne and Brisbane. Other key benefits of this project will include reduced maintenance costs due to standardisation of equipment and a reduction in spares inventory.

APPENDIX 4

Ministerial Directions and Charter Letter



The Hon John Anderson MP
Deputy Prime Minister
Minister for Transport and Regional Services
Leader National Party of Australia

Mr John P C Forsyth
Chairman
Airservices Australia
GPO Box 367
CANBERRA ACT 2601

26 OCT 1999


Dear Mr Forsyth

I am pleased to provide you this new Charter Letter, which sets out strategic directions on the matters that are crucial to the achievement of the Government's commitments on aviation safety. The Charter Letter is also intended to give the Board a better understanding of the broader government policy framework in which your authority operates. I would ask the Board to treat the views expressed as strategic guidance to implement the government's policy, set out in my statement on aviation safety reform. This letter replaces the previous charter letter from the Hon John Sharp MP.

Airservices is engaged in a phase of significant change, and from the Government's perspective the structural reform process and objectives provide the primary underlying policy direction. In that context, this letter sets out a clear charter to enable Airservices to operate effectively and grow its business in accordance with Government policy.

You will recall from Mr Sharp's charter letter his reference to the importance the Government places on a future for the small businesses dependent on air traffic services, particularly in regional and rural areas. This remains a matter of fundamental significance to me. The Government amended Airservices' legislation in 1998 to reflect its responsibilities to promote and foster aviation. I view that part of your legislated responsibility as something which the Board needs to see in the context not just of its major customers, but of the areas of social priority identified by the Government. It is the Government's view that Airservices has a responsibility to operate in a way that promotes the general health of the aviation industry, but this does not require Airservices to ensure the viability of any individual operator, nor will it require that the aspirations of any particular aviation sector be met.

Airservices also has a key function in maintaining and improving the safety of Australia's air transport system. Airservices, the Australian Transport Safety Bureau (ATSB) and the Civil Aviation Safety Authority (CASA) form a tripartite structure for providing safe aviation, each with separate and distinct functions but working together as part of an integrated system. I emphasise the need for the three entities to

work together and to be seen to work together, recognising that there may at times be professional differences of opinion between the three bodies.

Structural Reform

While the working groups set up to manage the reform process have made some progress, the Government has recognised that, given the breadth of changes taking place, CASA was unable to develop the necessary entry and exit provisions and minimum safety standards for air traffic control (ATC) and rescue and fire fighting services (RFFS) by June 1999. It has now been agreed that the safety regulatory framework will be finalised by no later than June 2000.

While this is predominantly the responsibility of CASA, Airservices has an important role in the development of these regulations. I expect Airservices to continue to co-operate with the Working Groups that have been established to progress the Government's agenda of reform, in order to ensure the Government's timetable is achieved.

As I have previously advised, it is the Government's intention to phase in competition for control tower and rescue and firefighting services after the safety regulatory framework is established. The introduction of competition will not extend to the provision of terminal navigation services at this time. En route services will also remain a monopoly. Airservices will continue to provide control tower services at Sydney Airport for years to come.

In terms of the future arrangements for rescue and fire fighting services, I note that under the *Airports Act 1996*, airport operators at leased Federal airports already have the opportunity to ask me to approve alternative RFFS providers. I will not be approving alternative RFFS providers until CASA has developed the safety regulatory regime.

Business Transformation

The Government supports the efforts being made by the Airservices Board to implement its Business Transformation program. Airservices' Corporate Plan indicates significant financial and operational benefits to users and the Government as owner of Airservices that should flow from an effective implementation of the Business Transformation planning.

While the Government is supportive of the Business Transformation program, I expect the Board to ensure that Business Transformation does not pre-empt any of the outcomes from the structural reform process.

I was pleased to note that Airservices has committed to developing strong customer relations. With this in mind, I ask the Board to focus on those elements of the Business Transformation process which will move Airservices from being focussed on users through a formal consultation framework, to being focussed on customers

with individual expectations and business objectives. I have in mind the concept of performance agreements, under which both Airservices and its customers commit to particular performance levels. It may not be necessary to actually move to formal agreements, but the concept that Airservices and each of its major customers have obligations to each other is an important change in how the business itself views its working relationships.

Management of change, while continuing to provide essential air traffic services through a professional, highly skilled and motivated workforce, will present particular challenges. I am aware that the Board is very conscious of this task. However, I see it as vital that the expertise of the regulator (CASA) is brought into consideration where safety is at issue. This does not mean that Airservices cannot debate the merits of proposals or views from either CASA or the ATSB. It does mean, however, that where staff or the public raise concerns on reform related to the issue of safety, the regulator, or other relevant parties, are given the opportunity to advise upon and potentially settle issues before they become a matter of public concern. I have confidence in how the Board has handled this sensitive subject to date, but the future stages of reform may require Airservices to manage more actively claims of safety risk.

Pricing

The Government supports Airservices' pricing reforms and hence the move to location specific pricing for tower services. The subsidy for regional and general aviation towers is a clear indication of the degree to which we are prepared to support this policy. Under the agreed arrangements, Airservices must consult with the Department before making any significant changes to the services provided at the subsidised locations.

External Business Opportunities

I am supportive of the Board's efforts to grow the business. Airservices has a quality product, and should take up export and local development opportunities where they are consistent with its core business. However, I would expect you to seek my approval before taking up significant new business opportunities, and I ask you to consider thoroughly two key issues before pursuing any new business venture.

First, in the case of a joint venture, I would expect Airservices to ensure that the party concerned is not likely to bring the Commonwealth into disrepute or expose the organisation and its owner to a loss of public confidence.

Second, I would want the Board to be sure that the commercial or strategic improvement to Airservices did not bring with it liabilities or exposures out of proportion to that benefit. Again, I would expect to be provided with advice on how liability issues are to be covered in all cases where Airservices moves offshore, or beyond its current business base. As an example, the exposure of Airservices and hence the Government as its sole shareholder to damages claims may be much more

than a normal insurable risk where relationships with foreign governments or their agencies are involved. Diplomatic relations issues should be considered and where relevant brought to my attention, not merely the Department of Foreign Affairs and Trade. The broad issue of the legal framework for CNS/ATM, which will involve cooperative airspace arrangements and provision of air traffic services by third parties, is being examined by ICAO with similar concerns in mind.

Governance

I have confidence that the Board is aware of its responsibilities in carrying out the strategic directions I set the organisation, and the need to keep me informed of its activities.

Given the responsibilities I have to the Parliament and the people for the services and statutory obligations upon your Board, I would appreciate receiving early and thorough advice from management of matters which may be of public interest, even if only in a particular region or area, or which I need to be aware of to carry out my Ministerial responsibilities. Indeed, I would ask the Board to be very conscious of my role as Minister for Regional Services and err on the side of caution in providing prior advice to me if Airservices is proposing significant changes to its regional business or if proposed changes may impact on regional areas.

Section 16 of the *Commonwealth Authorities and Companies Act 1997* gives statutory reinforcement to the Board's obligation to keep me informed, but in complying with this requirement Airservices needs to recognise the importance of providing me early advice on relevant issues.

As a Government-owned authority, Airservices also has a responsibility to provide advice to the Parliament and the public about its operations. I remind you of the importance of Airservices providing timely and accurate advice in response to requests for input to ministerial representations and responses to Parliamentary questions.

While Airservices is a Government commercial authority, it is not a Government Business Enterprise (GBE) and so I remain the sole responsible Minister. However, as the structural reform process proceeds the Minister for Finance and Administration, as well as other Ministers as appropriate, will be involved in important decisions on the future structure and role of Airservices, particularly in respect of corporatisation issues.

The Government intends to legislate to corporatise Airservices, to be prescribed as a GBE, after the new regulatory arrangements are completed. Corporatisation will allow Airservices to respond to the interests of customers more flexibly and improve returns to the taxpayer, while still emphasising safety and its environmental obligations.

In terms of the actual timing of corporatisation, I will be seeking to package this set of changes with the legislation required to authorise alternative service suppliers to compete for tower and firefighting services. In turn, this means that the appropriate

safety, economic, and environmental regulatory frameworks must be in place. I therefore do not anticipate passage of the necessary legislation before the second half of 2000.

In the lead up to corporatisation, I will determine which regulatory functions will remain with Airservices post-corporatisation. I shall determine the actual date in consultation with the Minister for Finance and Administration, but as you would understand, the need to progress the appropriate legislation through the Parliament may affect when corporatisation can occur.

Otherwise, the current Governance Arrangements for Airservices Australia have proved satisfactory and I do not propose any changes. The arrangements are less prescriptive than those applying to GBEs, but they still make clear that the Board has an important obligation to keep me informed of Airservices' operations. As the effective sole shareholder of Airservices Australia, I have no less a need to know the business directions of Airservices than the owner of any of Australia's major private companies. More than that, I have an obligation and an exposure to the Parliament which a private owner does not.

I am aware of the Board's concern that Airservices' Corporate Plan is a public document, and that this can compromise planning in a future competitive environment. When a contestable environment is established, I will put in place requirements that ensure the exposure of the Corporate Plan does not compromise Airservices' ability to compete effectively in those markets. Legislation will be considered if it is necessary.

Environmental Responsibilities, including Sydney Airport

As you are well aware, aviation environment issues are the subjects of significant public debate and concern, particularly in relation to aircraft noise and emissions around our major cities. The *Air Services Act 1995* explicitly places an obligation on Airservices to ensure that as far as practicable the environment is protected from the environmental effects of the operation and use of aircraft. As noted earlier, the Government considers that it is a fundamental responsibility of Airservices to treat seriously its environmental functions, corporatised or not.

I would expect the Board to understand that while the Government is supportive of the Business Transformation program, I would not expect Business Transformation to distract or affect Airservices' ability to meet its responsibilities under its Act for environmental matters, particularly implementing policies such as the Long Term Operating Plan (LTOP) in Sydney. It is for this reason that I issued the Ministerial Direction in May specifying the particular environmental responsibilities and tasks that Airservices is required to undertake. The Direction explicitly requires Airservices to be pro-active in improving the environment in relation to managing aircraft operations and its other activities.

It is important to recognise that post-corporatisation, Airservices will continue to take responsibility for a range of environmental matters because of the nature of its ongoing activities. Managing the environmental issues that relate to your business is

and will remain a core activity, even after incorporation. Indeed, any model I could envisage for contestability would similarly require a regulated planning and environmental assessment process and an obligation to continue to meet the expectations of Government and the community for managing the adverse effects of aircraft operations on the environment.

The undoubted success of the Government's "noise sharing" policy in Sydney through the development and implementation of the LTOP is a credit to Airservices. The management and people in your organisation have tackled this very difficult task with complete professionalism and dedication. Importantly, they have also embraced a cultural change in the way in which the organisation works with the industry and the community in dealing with environmental issues around an airport. The Government would expect that this effort continue in Sydney and other locations.

Sydney Olympics

Airservices is a major public sector body that must play an essential role in supporting Australia's image before the world at the time of the Olympic Games. I would not wish relatively minor costs or the traditional way of managing Airservices' business to prevent it taking a very active hand in managing the special air traffic demands which will occur at the time of the Olympic Games. Just as major Australian corporations see it as an obligation and a way of giving something back to the community to support this unique occasion, so I expect Airservices to make a special effort to meet the interests of Games organisers, to the fullest extent allowed under your legislated responsibilities.

Y2K

The importance of Airservices being Y2K compliant before 1 January 2000 cannot be overemphasised. I am extremely pleased with the progress you have made to date, and I look forward to receiving regular updates from you on progress in this area.

ICAO

Whilst the Department of Transport and Regional Services, on behalf of the Government, has prime responsibility, Airservices plays an essential role in Australia's participation in the activities of the International Civil Aviation Organization (ICAO). Key amongst the contribution made by Airservices is the technical assistance that it provides, within the overall portfolio effort, in support of a number of ICAO Annexes. This role brings with it a commitment to the provision of subject matter experts for ICAO Panels and other relevant activities.

The advent of competition in some of the tasks undertaken by Airservices may, over time, place some stresses on this role, but it is important that Australia maintains the level and quality of its contribution. The Government expects Airservices to maintain a level of commitment appropriate to its functions, in the national interest and also to

assist Airservices keep fully abreast of international developments. Should Airservices face the prospect of significant competition in an area where it is also making a major contribution to the maintenance of Australia's international interests in ICAO, arrangements will be made to ensure the burden is fairly shared.

Airspace Management

In my letter to you of 28 April 1999, I outlined the Government's decision that, at least until its corporatisation, Airservices is to retain responsibility for the design, declaration and management of airspace. CASA will retain the responsibility of setting the minimum standards for the safe operation of each class of Australian airspace, and the procedures to be used by air traffic controllers and pilots in each class of airspace. It will also be able to require the upgrading of a particular zone of airspace on safety grounds. Where CASA proposes such a change, it will identify a clear safety justification for the change and accompany the proposal with supporting evidence in the form of a safety case. The issue of airspace management post corporatisation of Airservices is an issue the Government will be considering during the corporatisation process.

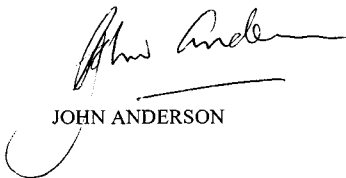
I would appreciate advice on Airservices' progress in developing, for the Government's consideration by the end of this year, a program for airspace reform which is internationally harmonised and consistent with International Civil Aviation Organization (ICAO) standards. As I have told you, the program is to address timeframes, priorities and mechanisms for implementation and is to be developed in close consultation with industry and other key stakeholders such as the Department, CASA, ATSB and Defence.

You may wish to consider developing a Memorandum of Understanding with CASA to establish the detailed arrangements for carrying out the Government's decision.

Conclusion

I am confident that the strategic directions that I have set out will strengthen Airservices, and allow it to grow as a business while still ensuring that it plays its part in maintaining and improving the safety of Australia's air transport system.

Yours sincerely



JOHN ANDERSON

COMMONWEALTH OF AUSTRALIA

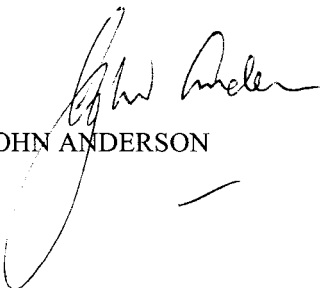
Air Services Act 1995

**DIRECTION PURSUANT TO SECTION 16 CONCERNING THE
RESPONSIBILITIES OF AIRSERVICES AUSTRALIA IN RESPECT OF THE
ENVIRONMENTAL EFFECTS OF AIRCRAFT**

I, JOHN DUNCAN ANDERSON, Minister of State for Transport and Regional Services, acting pursuant to subsection 16(1) of the *Air Services Act 1995* (the Act) **HEREBY DIRECT** Airservices Australia, for the purposes of paragraph 8(1)(d) and subsection 9(2) of the Act, to undertake the activities specified in the Schedule.

This direction supersedes the direction to the Civil Aviation Authority dated 28 August 1991 by Minister Robert Lindsay Collins, which applied to Airservices Australia by virtue of section 10 of the *Civil Aviation Amendment Act 1995*.

Dated this 3rd day of May 1999


JOHN ANDERSON

SCHEDULE

ACTIVITIES TO BE PERFORMED BY AIRSERVICES AUSTRALIA UNDER PARAGRAPH 8(1)(d), AND FOR THE PURPOSES OF SUBSECTION 9(2) OF THE *AIR SERVICES ACT 1995*.

- (i) Develop, implement and promote high quality environment practices in relation to aircraft operations, provision of navigational aids and rescue and fire fighting activities at Australian airports.
- (ii) Provide advice, information and data on environmental aspects of air traffic management including aircraft movements, aircraft noise, aircraft engine emissions and aircraft operations.
- (iii) Initiate and participate in discussions, consultations, studies and research with the aviation industry and the community in relation to environmental aspects of air traffic management.
- (iv) Undertake monitoring, testing and compliance activities associated with the Air Navigation (Aircraft Noise) Regulations and the Air Navigation (Aircraft Engine Emissions) Regulations.
- (v) Develop and implement effective aircraft noise abatement procedures and monitor and report to the Secretary on compliance with those procedures at Australian airports.
- (vi) Provide advice and information on aircraft environment related matters to, and participate in, airport consultative committees at those Australian airports that have such a committee.
- (vii) Provide, maintain and enhance public response and reporting services through a dedicated Noise Enquiry Service at airports covered by the *Airports Act 1996* and other major Australian airports.
- (viii) Install, maintain and operate noise and flight path monitoring systems at major Australian airports.
- (ix) Monitor, collate and report to the Secretary on aircraft movements during curfew hours at Sydney (Kingsford Smith), Adelaide and Coolangatta airports.

- (x) Make available data for the development of aircraft noise exposure analyses and prediction and be responsible for endorsing Australian Noise Exposure Indices/Forecasts for all Australian airports.
- (xi) Provide technical and specialist support for Australia's representation on ICAO's Committee on Aviation Environment Protection and associated fora.
- (xii) Provide advice, information, guidance and assistance at locations outside controlled airspace on environmental aspects of aircraft operations, movements and procedures to the Department, the aviation industry and the community.
- (xiii) Carry out the activities in this Schedule in accordance with government policy as determined from time to time.

COMMONWEALTH OF AUSTRALIA

**AIRSERVICES ACT 1996
SUBSECTION 16(1)**

DIRECTION

I, John Duncan Anderson, Minister for Transport and Regional Services,

1. acting under subsection 16(1) of the *Air Services Act 1995* ("the Act"), **DIRECT** Airservices Australia, consistent with the requirements of the Act, to install and commission an Instrument Landing System (ILS) on runway 25 at Sydney Airport as soon as practicable.
2. **STATE**, that for the purposes of subsection 16(5) of the Act, that this Direction is in accordance with Airservices Australia's function as set out in paragraph 8(1)(d) of the Act.

Dated this 18th day of March 1999.



JOHN ANDERSON

COMMONWEALTH OF AUSTRALIA

AIR SERVICES ACT 1996
SUBSECTION 16(1)

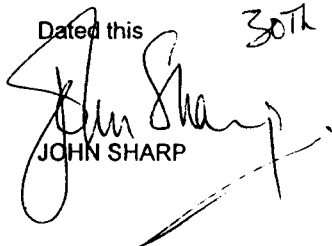
DIRECTION

WHEREAS:

1. On 20 March 1996, I directed Airservices Australia to report to me by 16 December 1996 on a proposed long term operating plan for Sydney (Kingsford Smith) Airport (the Airport) and associated airspace based on four principles specified in that direction;
2. On 16 December 1996, in response to that direction, Airservices Australia provided me with a report entitled "The Long-Term Operating Plan for Sydney (Kingsford Smith) Airport and Associated Airspace" which contained proposals for a long term operating plan for the Airport;
3. On 26 February 1997, acting in accordance with the requirements of the *Environment Protection (Impact of Proposals) Act 1974* and the Administrative Procedures made thereunder, I designated the Department of Transport and Regional Development (the Department) as the proponent in relation to the implementation of the proposal for a long term operating plan for the Airport (the proposal);
4. On 11 June 1997, acting in accordance with the requirements of the *Environment Protection (Impact of Proposals) Act 1974* and the Administrative Procedures made thereunder, the Department provided a Proponent's Statement to the Department of the Environment, Sport and Territories in relation to the proposal;
5. On 22 July 1997 the Minister for the Environment determined, in accordance with paragraph 3.1.1(b) of the Administrative Procedures, that neither an environmental impact statement nor a public environment report is required for the purpose of achieving the object of the Act in regard to the proposal;

I, **John Randall Sharp**, Minister for Transport and Regional Development, acting under subsection 16(1) of the *Air Services Act 1996* ('the Act'), **DIRECT** Airservices Australia, consistent with the requirements of the Act, to implement progressively the Sydney Airport Long Term Operating Plan in accordance with the schedule.

Dated this 30th day of July, 1997.


JOHN SHARP

SCHEDULE

SYDNEY AIRPORT LONG TERM OPERATING PLAN

1. Definitions

"Airservices Australia Report" means the document entitled **"The Long-Term Operating Plan for Sydney (Kingsford Smith) Airport and Associated Airspace"** prepared by Airservices Australia and provided to the Minister for Transport and Regional Development on 16 December 1996 in response to the Minister's direction of 20 March 1996.

"the Plan" means the Sydney Airport Long Term Operating Plan as set out in this direction.

"Proponent's Statement" means the document entitled **"Sydney Airport Long Term Operating Plan Proponent's Statement"** prepared by the Department of Transport and Regional Development and provided to the Department of Environment, Sport and Territories on 11 June 1997 in accordance with the requirements of the *Environment Protection (Impact of Proposals) Act 1974* and the Administrative Procedures made thereunder.

2. Flight Paths

Airservices Australia should implement the general structure and layout of the flight paths shown in the maps in the Airservices Australia Report incorporating the amendments indicated in the Proponent's Statement and including any adjustments necessary to meet the detailed design of the airspace arrangements and to satisfy safety requirements.

3. Runway Selection

- 3.1 Airservices Australia should introduce runway selection procedures as described in Chapter 6 of the Airservices Australia Report to facilitate the more equitable sharing of the impact of aircraft noise, taking into account forecast or prevailing weather and traffic levels including the balance between arrivals and departures. The modes of operation should be changed throughout each day, when traffic and weather conditions permit, to provide respite from noise affecting residents in different areas.
- 3.2 Subject to paragraph 3.3, Airservices Australia should make available for use runway modes 1, 4, 5, 7, 8, 9, 10, 12, 13, and 14A (as described in the Airservices Australia Report).
- 3.3 Operations under the Plan should not include runway mode 8 in the first instance. Runway mode 8 may be introduced at a later date if experience indicates that it would contribute to the Plan's objectives.

3.4 Subject to paragraph 3.1 Airservices Australia should:

- (a) discontinue the current noise abatement requirements which mandate changing to, or continuing the use of, runways 16L and 16R for arrivals and departures (in a southerly direction) when there is up to 5 knots of downwind; and**
- (b) adopt new runway selection criteria to:**
 - . give preference to over-the-water operations (Mode 4) to minimise residential overflights;**
 - . restrict the dedicated use of the east-west runway (Modes 12 and 13) to circumstances when weather requires use of these modes; and**
 - . interchange use of the other modes to ensure a fair sharing of unavoidable aircraft noise subject to weather and traffic demands.**

3.5 Where traffic levels and disposition allow, preference should be given to the use of Runway 34L for arriving traffic when runways in that direction are in use subject to it assisting, and not detracting from, attainment of the noise sharing goals.

4. Safety Review

Airservices Australia should undertake formal safety analyses of the operational components of the Plan prior to their implementation. An independent review of safety issues by an independent third party with international expertise should also be undertaken.

5. Implementation and Monitoring Committee

5.1 Airservices Australia should establish an Implementation and Monitoring Committee whose membership should include two community representatives appointed by the Minister for Transport and Regional Development, the aviation industry, the Federal Airports Corporation, the Civil Aviation Safety Authority and the Department of Transport and Regional Development. The Committee should be chaired by a senior official of Airservices Australia, and report through Airservices' Chief Executive to the Minister. The Committee should have terms of reference shown in Attachment A.

5.2 Airservices Australia should initiate, through the Implementation and Monitoring Committee,

- . a study into the patterns of runway use by long haul aircraft;**

- further development of the arrival flight paths to the north of the airport (known as the 'trident') to reduce the concentration of air traffic on the Runway 16 localiser tracks;
- an assessment of the noise exposure benefits of ICAO A and ICAO B departure procedures;
- an examination of the merits of requiring propeller aircraft departures on runway 34L to commence no further north than Taxiway B10;
- an examination of viable systems for disseminating monitoring information to the public;
- a review of the location of permanent noise monitoring terminals (plus any additional noise monitoring terminals) in light of the new operating arrangements under the Plan; and
- the development of a program of short term deployment of portable noise monitors to provide data to residents in areas where significant problems are identified.

6. Matters for Further Advice

Airservices Australia should provide advice to the Minister for Transport and Regional Development on:

- the need for aircraft to track through Botany Bay Heads after departure from Runway 16R to achieve separation with traffic approaching to land on Runway 34L when simultaneous opposite direction parallel runway operations are in use; and
- the costs and benefits of installing an Instrument Landing System on Runway 25.

7. Noise Monitoring

- 7.1 Airservices Australia should produce Australian Noise Exposure Index (ANEI) contours on a quarterly (and cumulatively up to 12 months) basis with the first quarterly ANEI to be produced for the quarter commencing 1 October 1997.**
- 7.2 Airservices Australia should produce an Australian Noise Exposure Forecast (ANEF) for the Airport as soon as it is possible to provide robust forecasts on future traffic movement patterns. In the interim the Australian Noise Exposure Concept (ANEC) contours should be updated on a six monthly basis.**
- 7.3 Airservices Australia should maintain and enhance the responsiveness of the Noise Enquiry Unit through appropriate staffing and equipment and access to the best available noise monitoring methodology.**

- 7.4** Airservices Australia should add permanent noise monitors to the present noise and flight path monitoring system where appropriate to allow monitoring of aircraft noise in areas affected by changes to flightpaths made as a result of the Long Term Operating Plan. Additional mobile noise monitors should be purchased to improve the effectiveness of responses to noise complaints and improve the coverage of monitoring information.

8. Reporting

Airservices Australia should publish regular reports on the performance of the Plan using a set of standard indicators which the public can understand and follow over time. There should be an annual report and a report at least each quarter.

9. Miscellaneous

- 9.1** As recommended in the Airservices Australia Report, Airservices Australia should ensure that equipment and staff resources are adequate to satisfy the objectives of the Plan.
- 9.2** Airservices Australia should remove the West Pymble beacon from service at the earliest possible time.
- 9.3** Airservices Australia should undertake, as a matter of priority, the simulation and evaluation of alternatives to the departure track to the south on the 163 VOR radial.
- 9.4** Aircraft tracking from Sydney to Bankstown during the curfew period, 2300-0600, should be tracked at 3000' via non populous areas of the Royal National Park and Holsworthy military areas.
- 9.5** Airservices Australia should implement, in conjunction with the Australian Defence Force, the in principle agreements for changes to military airspace surrounding Sydney.

10. Ongoing Review

Airservices Australia should keep the Plan under review to respond to experience and changes in the pattern of aircraft movements with a view to ensuring that the overall integrity, intent and targets of the Plan are met. Proposed changes to the elements of the Plan should be tested with the public through the Sydney Airport Community Forum before being implemented.

ATTACHMENT A

IMPLEMENTATION AND MONITORING COMMITTEE

TERMS OF REFERENCE

To assist the achievement of the integrity, intent and targets of the Sydney Airport Long Term Operating Plan, the Committee shall:

- Monitor the distribution of noise, flight paths and runway movements which arise out of implementation of the Long Term Operating Plan.
- Provide reports on the results of the monitoring to the Sydney Airport Community Forum (SACF) and the broader community on a regular basis.
- Comment on potential changes to operational procedures under the Plan which will improve the aircraft noise environment in the Sydney area.
- Oversight the conduct of specific studies relating to aspects of the Plan.

COMMONWEALTH OF AUSTRALIA

AIR SERVICES ACT 1995

DIRECTION PURSUANT TO SECTION 16 CONCERNING
ENVIRONMENTAL RESPONSIBILITIES OF AIRSERVICES AUSTRALIA

I, JOHN RANDALL SHARP, Minister of State for Transport and Regional Development, acting pursuant to subsection 16(1) of the *Air Services Act 1995* (the Act), HEREBY DIRECT Airservices Australia, for the purposes of paragraph 8(1)(d) of the Act, to:

- (a) assume responsibility for the operation of the aircraft noise complaints handling centre at Sydney (Kingsford Smith) Airport to take effect as soon as possible; and
- (b) assume responsibility for the operation of the aircraft noise complaints handling centres at Federal airports, other than Sydney (Kingsford Smith) Airport, with effect from such date or dates agreed between Airservices Australia and the Federal Airports Corporation.

Dated this TWENTY NINTH day of MAY 1996.


JOHN SHARP

COMMONWEALTH OF AUSTRALIA

AIR SERVICES ACT 1995

DIRECTION

I, JOHN RANDALL SHARP, Minister for Transport and Regional Development, acting under section 16 of the *Air Services Act 1995* (the Act), hereby direct Airservices Australia to take immediate steps, consistent with the requirements of the Act, to introduce take-offs on Runway 34R at Sydney (Kingsford Smith) Airport in order to distribute the noise generated at the Airport more fairly.

Consistent with this, take-offs on Runway 34R shall be in accordance with the following principles:

- no take-offs on Runway 34R except when the operation of the Airport would otherwise involve the use of Runway 34L for take-offs;
- aircraft are no larger than A300/B767 or equivalent;
- aircraft to turn off runway heading to the east as soon as safely practicable using, as far as possible, current departure flight paths associated with Runway 07; and
- no departure flight paths from Runway 34R over the suburbs of Newtown, Annandale and Glebe.

Dated this fourteenth day of SEPTEMBER 1996.


JOHN SHARP

APPENDIX 5

Staff resources and statutory information

Occupational Health and Safety (OH&S)

In accordance with Section 74 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991*, the following report provides information on occupational health and safety matters during the 2000-2001 financial year.

National Consultative Council (NCC) Occupational Health and Safety (OH&S) Sub-committee

The OH&S subcommittee of the NCC met twice in 2000-2001.

Occupational Health and Safety (OH&S) incidents

An OH&S incident is defined as “any unplanned event resulting in, or having a potential for injury, ill-health, damage or other loss”. Airservices managers must ensure that certain types of workplace incidents and dangerous occurrences within their work area are notified and reported to Comcare Australia within the specified times as required by the *Occupational Health and Safety (Commonwealth Employment) Act 1991* and Regulations.

Workers' compensation

Data from Comcare provides information about the number and costs of workers' compensation claims and the time lost from work. While the total number of claims is down significantly from 1998, two injury types have increased in frequency: Occupational Overuse Syndrome – OOS (formerly known as Repetitive Strain Injury or RSI) and Fractures (excluding back).

The total cost of claims has reduced but Comcare estimates that Airservices has significant outstanding liabilities. Comcare reviews each case quarterly and provides an assessment of the future costs associated with the claim.

Airservices, by ensuring trained and active case managers are allocated to each case, is endeavouring to introduce more effective claims management procedures and reduce the number and severity of the compensation claims.

Occupational Health and Safety (OH&S) self-assessment

Results from an organisation wide OH&S self-assessment, conducted in 2000, indicate that Airservices has achieved a good level of legislative compliance. However, areas in need of improvement include:

- OH&S awareness training for all level of managers and employees;

- consultative processes;
- general hazard identification, assessment and control process;
- inspection and audit processes;
- obligations toward contractors;
- collection and analysis of OH&S incident and compensation reports; and
- compliance with OH&S Regulations.

Occupational Health and Safety Management System (OH&SMS)

The members of the OH&S Steering Committee and the NCC OH&S Sub-committee at their February 2001 meetings endorsed the 'Final Draft' of Airservices' Occupational Health and Safety Management System (OH&SMS) and revised OH&S Policy.

The OH&SMS aligns Business Centres' present OH&S initiatives within a standardised framework. The system is designed to allow Business Centres freedom in the implementation requirements of the system through integration with existing systems.

Following endorsement by the CEO, the management system will replace the Airservices OH&S 1996-1999 Plan.

Commonwealth Disability Strategy (CDS)

Under the Commonwealth Disability Strategy, Airservices fulfils Provider and Employer roles.

Provider role: In this role Airservices deals with aviation industry customers and individual general aviation customers including the Australian community. Airservices is required to ensure that the services provided continually improve its performance in meeting the needs of customers with disabilities. Highlights this year include an audit of all buildings to ensure disabled access and signage. This identified the need for proper signs to indicate the disabled access to its Publications Centre and these were erected promptly. Airservices has a *Standards of Service Charter* that establishes the standards of service all customers, including those with disabilities, can expect from Airservices. It also establishes the options available to customers who believe these standards are not being met.

Employer Role: in this role Airservices aims to eliminate disability discrimination in the workplace. This is done through its national Equity and Diversity Program. Section 6 includes the Disability Action Plan and is designed to meet the needs of staff with disabilities. There are a range of actions and strategies and these are reported in the Annual Equal Employment Opportunity (EEO) Report to the Minister for Transport and Regional Services. Copies of the Disability Action Plan are also available through the Human Rights and Equal Opportunity Commission (HREOC) Website.

CDS Plans for 2001-2005 will be included in the next National Equity and Diversity Program.

Equity and Diversity (E&D)

National equity and diversity program

The National Equity and Diversity Program 1998-2001 was reviewed and development of the next program is currently underway. It will be short, relevant and business focused. There will be consultation with Council members prior to endorsement.

The Equity and Diversity Annual Report to the Minister for Transport and Regional Services for the reporting period 1999-2000 was completed and submitted by the due date.

Implementation highlights

- A Women's Network was established in Canberra. The first meeting was held in May 2001 and a number of issues and possible projects were identified. Considerable support was given to the concept of a mentoring program for Airservices staff. A pilot mentoring program was then developed and introduced in June 2001.
- The online diversity program, purchased from Qantas Training College, was adapted for the Airservices' environment. It was piloted by selected Equity and Diversity Contact Officers and interested Human Resource (HR) staff. It has now been made available electronically.
- The Equity and Diversity Homepage on the Airservices Intranet site – AVNET is regularly updated with relevant information and is accessible to all staff.
- Following an organisational restructure, the network of Equity and Diversity Champions reduced in numbers, however, it has been revitalised since. The CEO and other members of staff have agreed to become E&D champions.

Regular Collection of Statistics on Harassment

Airservices' network of 43 Equity and Diversity Contact Officers provide quarterly statistics on equity and diversity enquiries and harassment and discrimination complaints within their areas. Reports are presented at the E&D Council meetings. Following concern expressed by the Community and Public Sector Union (CPSU) representative that the statistics from Contact Officers did not reflect the total 'picture' in Airservices, all Business Centre managers were asked for details of any harassment or discrimination complaints they had handled. This data will be included in the annual statistical report.

Enterprise Security Management

Security management arrangements for vital operational sites during the period of the Sydney 2000 Olympics was closely coordinated with other aviation security and law enforcement stakeholders.

An external review of security management against best practice benchmarks was undertaken during the year. A number of significant recommendations arising from this review have been accepted. The agreed implementation strategy places an emphasis on the systematic application of risk management principles to the formulation of decisions about protective security priorities and action plans.

During 2001-02 the Office of Security Risk Management (OSRM), within the Head Office, will be assisting Business Centre Security Officers to prepare a local Security Risk Register and associated Action Plan based on ASNZS 4360 (Risk Management).

Privacy

During the year a staff awareness presentation, made available through local Security Liaison Officers, emphasised the need to maintain compliance with the provisions of the *Privacy Act*. Access to additional information was also facilitated through an upgrading of the Airservices Intranet site.

The Airservices Internet site was reviewed by the Office of the Privacy Commissioner as part of a wider government assessment of compliance with Information Privacy Principles. A number of improvements were identified and have been implemented.

Fraud Control

During the year staff were given presentations on fraud control by their local Fraud Control Liaison Officer. These presentations highlighted the benefits of voluntary compliance with internal controls and procedures.

The existing Fraud Control Plan and related Fraud Risk Assessment will be reviewed during 2001-02 to reflect changes in business operations since 1999 and to consider emerging new risk exposures.

Freedom of Information

The *Freedom of Information Act 1982* (the FOI Act) requires Commonwealth Government agencies to make available information about their organisations, functions and operations, and about rules and practices which are used in making decisions which affect members of the public.

Freedom of Information Act Section 8 Statement

This statement is set out under the following headings for ease of access:

- Airservices' organisation and functions
- FOI procedures and initial contact point
- Consultative arrangements
- FOI activity for financial year 1998/99
- Ombudsman activity for financial year 1998/99
- Categories of documents
- Categories of documents available for purchase

Airservices' organisation and functions

Airservices' organisation and functions are presented in the introduction and corporate profile of this report. In addition, Airservices maintains an Internet site at <http://www.airservices.gov.au>. The site contains infor-

mation about Airservices and its functions, and provides for access to documents which are usually provided upon request, eg. airport movement statistics, operational information for Sydney Airport, pricing information, and press releases. In addition, the site also provides access to Airservices Publications Centre site which includes information on the documentation available for purchase, including a comprehensive price list.

FOI procedures and initial point of contact

Airservices' Chief Executive holds the power to grant or refuse access under the FOI Act to any document held by Airservices and has delegated certain officers to exercise those powers. However, Airservices has centralised its FOI activity with the function being managed from the Office of Legal Counsel. Acting under delegation from the Chief Executive, the Coordinator FOI and Inquiries, in consultation with relevant business centre managers, is responsible for management of all FOI requests made to Airservices for access to its documentation, including power to impose charges on applicants and make initial decisions on access.

Airservices usually provides copy access in response to requests. However, in some circumstances, arrangements can be made for viewing access to records.

A request under the FOI Act must be in writing, enclosing the \$30 application fee and stating an address in Australia to which notices under the FOI Act can be forwarded. In certain circumstances the fee is not required or can be remitted.

To assist in identifying quickly the requested documents, applicants should provide as much information as possible about the document(s) they are seeking. It is also advisable to provide a telephone number to facilitate clarification of a request if necessary.

Applicants are encouraged to contact the Coordinator by telephone, as listed below, if they have any queries or concerns in relation to making a request for access for documentation in the possession of Airservices.

The address for lodging requests for access is:

Coordinator
FOI and Inquiries
Airservices Australia
GPO Box 367
CANBERRA ACT 2601
Telephone : (02) 6268 5108
Facsimile : (02) 6268 5148

Consultative Arrangements

Airservices welcomes views and comments from members of the public and bodies outside the Commonwealth administration, on its policy formulation and administration of its legislation. Airservices maintains a number of avenues for consultation with the general public which include:

- consultative committees;
- the internet site (www.airservices.gov.au);
- airport community consultative committees;
- written communication direct to the Minister, Board, Chief Executive, Executives, and Business Centre Managers;
- telephone inquiry services;
- industry briefings;
- public meetings (advertised locally); and
- pilot briefings (advertised locally).

In addition, Airservices is member of a number of external bodies, including local and international aviation bodies. Those bodies include:

- ICAO Regional Core Planning Group;
- ICAO Air Transport Panels;
- ICAO Legal Panel;
- ICAO Technical Committees;
- ICAO Air Navigation Commission Panels and Study Groups;
- Regional Planning Groups;
- National Association of Testing Authorities;
- Air Coordinating Committee and its sub-committees;
- Sydney Airport and Basin development committees;
- ICAO Committees on promulgation of technical standards and recommended practices;
- International Air Transport Association;
- Joint Airservices/Defence Working Parties/Committees;
- Sydney Airport Community Forum;
- Sydney Long Term Operating Plan Implementation and Monitoring Committee;
- Central Traffic Management System Steering Group;
- Slot Compliance Committee;
- Slot Allocation Committee;
- Airport Development Committee;
- Regional Airspace Users Advisory Committee; and
- Australian Firefighters Council.

FOI Activity for Financial Year 2000-2001

During 2000-2001, Airservices received 29 new requests under the FOI Act for access to documents. Of those requests, full access was provided in response to four requests; part access to 11 requests; and, in two cases, access was refused. Further, seven requests were withdrawn, and one request transferred to another government agency. As at 30 June 2001, four requests remained outstanding.

As of July 2001, changes to statistical reporting arrangements by the Attorney-General's Department, required that requests received by government agencies be identified in agency FOI Quarterly Statistical Returns, as:

'Personal' – requests for access to personal information; and

'Other' – requests for information not of a personal nature.

The table below provides statistical information on Airservices' FOI Activity for the financial year 2000-2001 and includes an indication of whether the requests were either 'personal' or 'other' in nature:

ACTIVITY	NUMBERS		
Requests :			
On hand at 1 July 2000	1		
Receiving 1 July 2000 – 30 June 2001	29		
Total requests handled 2000-2001	30		
Total requests completed 2000-2001	26		
Total requests outstanding 30 June 2001	4		
Action on Requests :	Personal	Other	Totals
Access in Full	3	1	4
Access in Part	11	1	12
Access Refused	-	2	2
Access Transferred in Full	-	1	1
Request Withdrawn	1	6	7
Totals (completed requests)	15	11	26
Outstanding requests at 30 June 2001	4	-	4
Response Time :			
0 – 30 days	25		
31 – 60 days	1		
61 – 90 days	-		
90 + days	-		
Internal Review :			
Applications received	1		
Decision affirmed	1		
Decision amended	-		
Review by Administrative Appeals Tribunal			
Applications received	-		

Ombudsman activity 2000-2001

During the Financial Year 2000-2001, Airservices responded to eight (8) formal requests from the Office of the Commonwealth Ombudsman, and provided information on an informal basis on a number of issues.

Categories of documents held by Airservices

Either Airservices' Head Office, or regionally located offices, or an approved off-site secure storage area holds the categories of documents listed below. Documents are maintained in various forms including paper files, microfiche records, computer records, and cassette, audio and digital tapes.

The following list gives an indication of the types of documents held by Airservices:

- financial planning and pricing records and associated documentation;
- taxation working documents;
- Treasury records;
- insurance files;
- corporate property files, policy documents and database records;
- contracts and agreements;
- procurement guidelines;
- contract precedent documentation;
- financial statements and working papers;
- financial reporting documentation;
- financial reports;
- financial systems instruction and training manuals;
- budget reports, general ledger records, procedures and manuals;
- project records, including financial data, approvals, briefs, plans, designs and commissioning reports;
- financial records – including database held data;
- Business Transformation records;
- Board records, including submissions, minutes and action records;
- management meeting records, including submissions, records and minutes;
- workplace agreements;
- Corporate Plans;
- service charter documentation;
- Strategic Plan;

- Ministerial Briefing papers and general Ministerial correspondence;
- policy advice, instructions and working papers;
- legal records, documents, instruments, precedents and advice;
- working party and committee reports;
- statistical information;
- general correspondence;
- internal administration documents relating to Airservices and its operations – including financial and resource management records, internal operating procedures, policy and procedures manuals, instructions, circulars and newsletters;
- employee file records;
- employee database held records;
- information technology documents, including policy, procedures, specifications, instructions, manuals, standards, reports, maintenance records, asset records;
- information technology systems back-up tapes;
- computing operations manuals;
- quality management records, procedures and manuals;
- Service Agreements;
- training records;
- grievance records;
- investigation records;
- Occupational Health and Safety records;
- Equity and Diversity records;
- compensation records;
- media reports and press releases;
- Y2K status documents;
- Aeronautical Information Circulars;
- Aeronautical Information Publications;
- project management policy, manuals, processes and procedures;
- project records, including schedules, contracts and financial records;
- tenders/bids/submissions for external works;

- original contract documents;
- contract precedent database documents;
- Service Agreements;
- communications systems related documents including Systems handbooks, Aeronautical Engineering Instructions, Drawings, Reports, Configuration documents and policy documents;
- policy and procedures manuals – both personnel and operational;
- communications, surveillance, navigation, testing and maintenance systems engineering and technical related documents, specifications, instructions, manuals, standards, procedures, reports, maintenance records, plans, asset records;
- Memoranda of Understanding and Agreements with various bodies, both within Australia and internationally;
- radar tapes and analyses documentation;
- business management documents, business plans, cases and reports, and service agreements;
- data communications operations manuals;
- environmental standards and procedures;
- Records of Assessment under Air Navigation (Aircraft Noise) Regulations ;
- Australian Noise Exposure Forecasts;
- Australian Noise Exposure Concepts (including associated documents);
- Australian Noise Exposure Indices;
- quarterly reports of noise measurements made by Noise and Flight Path Monitoring System;
- reports on environmental assessments;
- maps, charts, research and investigation records;
- statistical information on operations at various airports;
- database Records of telephone inquiries to Sydney Noise Inquiry Unit;
- air traffic control and separation policy, guidelines, standards instructions and manuals;
- air traffic control training records;
- air traffic control training standards, curriculum, syllabus and examination records;
- air traffic control procedure development records;
- air traffic control and flight service daily logs and journals;
- air traffic control and flight service audio tape communications;

- air traffic control and flight service personnel operational records;
- The Australian Advanced Air Traffic System (TAAATS) contract, technical and operational documentation;
- airport emergency planning documentation;
- safety standards procedures and documents;
- navigational maps and charts;
- aircraft accident/incident data;
- aircraft movement data;
- audit reports and records, including safety cases;
- Aviation Accident, Incident and Hazard Records;
- safety and surveillance system records and manuals;
- Aviation Rescue and Firefighting (ARFF) General Bulletins and Operational Bulletins;
- Aviation Rescue and Firefighting (ARFF) Policy and Procedures documentation;
- policy documents related to recruitment, OH&S, Hazardous materials, and fire safety policy;
- Aviation Firefighting manuals;
- Aviation Fire Competency documents, including policy and training manuals, module descriptors and assessment manuals and associated records;
- ARFF Engineering Instructions and Bulletins;
- Airways Operations Instructions;
- training/instruction manuals for Australian Rescue and Firefighting systems including ALARMON and DATACHEM;
- ARFF Total Quality Management Manual;
- various publications available for public sale through Airservices' Publications Centre;
- operational documents and aeronautical charts for pilot navigation and flight planning;
- pilot education material;
- internal staff publications including 'Airspace', 'AIC News', 'Equity and Diversity Newsletter', 'Bulletin Board'; and
- aeronautical information publications and operational charts, including en route information and world aeronautical charts.

Categories of Documents Available for Purchase

Airservices has a wide range of documents available for purchase from its Publications Centre in Melbourne. The collection of documents includes publications produced within Airservices and from sources external to Airservices. The categories of documents available are:

- Airservices and Civil Aviation Safety Authority (CASA) Products
 - Airservices and CASA regulatory and operational documents
 - Logbooks – aircraft
 - Logbooks – Pilot, Operational Notes, and Syllabus
- Aviation Reference Products
 - Aerodrome Reference Books
 - Air Transport Pilot Licence (ATPL) Training Manuals
 - Engineering Reference Books
 - General Reference Books
 - Global Positioning System (GPS) Titles
 - Helicopter Reference Books
 - Human Performance Factor Books
 - Jeppeson Products
 - Meteorology Reference Books
 - Navigation Products
 - Private Pilot Licence/Commercial Pilot Licence (PPL/CPL) Training Manuals
 - Sample Exams
 - Practical Flying Series
 - Videos
 - World Aeronautical Charts
 - Chart Packages

A comprehensive list of Airservices publications available for purchase, including purchase prices, is available from Publications Centre at :

Address: 715 Swanston Street

Carlton Vic 3053

Mail: PO Box 1986

Carlton South Vic 3053

Telephone: 1300 306 630 or (03) 9342 2000

Facsimile: (03) 9347 4407

Internet/E-Mail: Publications.centre@airservices.gov.au

Superannuation

Employer superannuation arrangement complied with the requirements of the *Superannuation Benefits (Supervisory Mechanisms) Act 1990* as prescribed by the Minister for Finance in Determination No 1 of 1994, made under the Act dated 30 June 1994. An accumulated superannuation option was introduced in November 1997 to complement the defined benefit scheme offered by AvSuper Pty Ltd.

Staffing *(as at 30 June 2001)*

State	ACT			NSW			NT			QLD		
Major Job Type	Fem	Male	Total	Fem	Male	Total	Fem	Male	Total	Fem	Male	Total
Airways Systems												
Data Officer			0	1	9	10			0	5	34	39
Air Traffic Controller		13	13	14	134	148		5	5	33	339	372
ATS Support Specialist		14	14	2	11	13			0	2	12	14
Air Traffic Controller (Trainee)			0			0			0	1	7	8
Management	23	139	161	3	29	32		7	7	4	61	65
Aviation Fire Fighter		20	20	1	58	59	1	52	53		152	152
Clerical												
Administration	74	36	110	13	10	23	1		1	42	18	61
Flight Information												
Service Officer			0			0			0	6	30	36
Flight Service Officer			0			0			0	7	49	56
Flight Data												
Coordinator			0			0			0	4	11	15
Technical Officer		15	15		57	57		13	13	1	115	116
I.T.O.	2	12	14	1	1	2			0	1	1	2
Engineer	2	4	6			0			0		3	3
Snr ITO	2	16	18			0			0		1	1
Senior Engineer		17	17		2	2			0		8	8
Senior Technical												
Officer		11	11		12	12		2	2		28	28
Grand Total	102	296	399	35	323	358	2	79	81	106	869	976

SA			TAS			VIC			WA			Grand Total		
Fem	Male	Total	Fem	Male	Total	Fem	Male	Total	Fem	Male	Total	Fem	Male	Total
		0			0	14	32	46		1	1	20	76	96
1	48	49		10	10	31	275	306	2	46	48	81	870	951
	2	2			0	2	16	18		1	1	6	56	62
		0			0	9	29	38			0	10	36	46
	6	6		2	2	4	48	52		15	15	34	307	340
	32	32	1	38	39		65	65		63	63	3	480	483
3	3	6			0	29	15	43	3	3	6	165	85	249
		0			0	2		2			0	8	30	38
		0			0		6	6		1	1	7	56	63
		0			0	4	12	15			0	8	23	30
1	28	29		5	5	1	79	80		26	26	3	338	341
		0			0	1		1			0	5	14	19
		0			0		3	3			0	2	10	12
		0			0		1	1			0	2	18	20
		0			0		7	7			0	0	34	34
	3	3		1	1		14	14		6	6	0	77	77
5	122	127	1	56	57	96	601	697	5	162	167	352	2509	2861

APPENDIX 6

Judicial decisions and reviews by outside bodies

Judicial decisions and decisions of administrative tribunals that have had, or may have, a significant impact on the operations of Airservices

There were no Judicial decisions and decisions of administrative tribunals during 2000-01 that have had, or may have, a significant impact on the operations of Airservices.

Reports on the operations of Airservices by the Auditor General (other than the report on the financial statements), a Parliamentary committee or the Commonwealth Ombudsman

Airservices did not receive any reports within this category other than those which appear under Appendix 5 – Staff Resources and Statutory Information – Ombudsman Activity 2000-01.

APPENDIX 7

Indemnities and insurance premiums for officers

.....
In 2000-01 Airservices held a Directors' and Officers' (D&O) Liability insurance policy. The policy covers the legal liability of Airservices *Directors/Officers* for losses arising, in the course of their duties, from a *Wrongful Act*.

For the purpose of these provisions, a *Director* or *Officer* means any natural person who was or is or may hereafter be or be deemed to be:

- a director or officer (or holding an equivalent position in any jurisdiction) in Airservices; or
- acting at the request, order or direction of Airservices as a director or officer of, or in any managerial or supervisory capacity within Airservices; or
- an *Employee* acting in any managerial or supervisory capacity in Airservices, or who is responsible for the content of any part of any listing document of Airservices; or
- an *Employee* against whom a Claim is made for an Employment Wrongful Act.

For the purpose of these provisions an *Employee* is deemed to be:

- any natural person who was or is or may hereafter be employed under a contract of service or apprenticeship with Airservices or a guest student pursuing studies or duties on the premises of Airservices. An *Employee* shall not mean any independent agent or consultant or subcontractor or professional advisor.

For the purpose of these provisions a *Wrongful Act* is deemed to be any actual or alleged act committed or attempted by the Director or Officer, or any matter claimed against the Director or Officer solely by reason of him/her serving in that capacity, including but not limited to breach of statutory or other duty, breach of trust, neglect, error, misstatement, misleading statement, omission, libel, slander, breach of warranty of authority, or wrongful trading.

APPENDIX 8

Noise complaints (telephoned)

Airport	Number of Telephoned Noise Complaints (2000-01)	Reduction (from 1999/00 Financial Year)	% Reduction (from 1999/00 Financial Year)	Comments
Sydney	36,796	6268 (Increase)	20.5 (increase)	There were 2,617 new complainants for this period
Melbourne (including Moorabbin, Essendon)	320	361	53	No specific trends
Brisbane (including Coolangtta)	5,114	2,104	29	3824 from one household
Adelaide (Including Parafield)	202	22	9.8	20 from three households
Perth ¹ (Including Jandakot)	663	551	45.4	only 2-3% from same callers

¹ Perth includes complaints from Western Australia (WA) country areas from Albany in the south to Karratha in the north. These would total approximately 5 per month.

Standards of Service Charter

This Charter establishes the standards of service you can expect from Airservices Australia and the options available to you if you believe these standards are not being met.

The Airservices Australia Vision

To be the global leader in air traffic management and the provision of related information and safety services through:

- keeping safety first;
- best practice environmental management;
- the pursuit of operational excellence;
- creating value for our stakeholders;
- growing our business; and
- skilled and committed employees.

The services we provide

The services provided by Airservices Australia are stipulated by the *Air Services Act 1995* and the Chicago Convention on International Civil Aviation and include:

- airspace management;
- air traffic control;
- traffic and flight information;
- navigation services;
- aeronautical information;
- aviation rescue and fire fighting; and
- environmental regulation and monitoring.

These services are provided from facilities at all major Australian airports and from two new purpose-built centres adjoining the Brisbane and Melbourne airports. A system of navigation aids across Australia is also maintained by Airservices. The services are delivered by three operating groups: Air Traffic Management, Airport Services and Infrastructure Support Services.

Our Commitment to Service

In achieving our goals, we recognise the need for honesty and accountability. In serving you, and in exercising our legislative powers and functions we will:

- pursue safety as our highest priority;
- protect the environment as far as practicable;
- perform our functions and deliver our services consistent with our international aviation obligations and in accordance with civil aviation standards and recommended practices; and
- consult with key stakeholders about our service delivery and investment priorities.

Our Service Standards

- You will be treated with courtesy and our staff will provide all necessary assistance.
- Every inquiry will be answered promptly.
- All requests for information or assistance will be met directly or referred to the appropriate person as required.
- Requests for information or assistance will be dealt with as soon as practicable but, if possible, within seven days for verbal requests and 21 days for written, faxed or emailed requests. An interim response will be provided as acknowledgement if any longer delays are likely.
- A contact name, address and telephone number will be given in all correspondence.
- Technical and operational information will be timely and accurate and provide sources of additional information as appropriate.
- Airservices staff will be kept up to date with the direction of the organisation.
- Sensitive and confidential material will be handled so that the rights of the individual and the requirements of the organisation will be considered.

How to make a Complaint

If you are not satisfied with our services or any matter related to our service provision, you can use any of the following methods to make your complaint:

- Attempt to resolve the particular problem with the staff member you are dealing with.
- If you are not satisfied with the outcome talk to the staff member's manager.
- If the above methods are not appropriate, write, fax, email or telephone the manager in charge at the respective location.
- If this is impractical or undesirable, write to or telephone the relevant General Manager who will respond as soon as practicable.

- If you are still not satisfied with how your complaint has been handled you can write to the Commonwealth Ombudsman at GPO Box 594, Canberra ACT 2601.

Feedback

We welcome your feedback, whether it be negative or positive. If you wish to make a comment or suggestion about our service or an issue, please contact us by phone, mail or fax (see contact details below). Your suggestions can help us to provide a better service to you.

Further Information

For further information contact:

The Manager, Corporate Communication

Tel: (02) 6268 4479

Fax: (02) 6268 5688

or write to

The Chief Executive Officer

Airservices Australia

GPO Box 367

CANBERRA ACT 2601

or visit the Airservices web site at www.airservices.gov.au

Contact Details

Head Office

Alan Woods Building

25 Constitution Avenue

CANBERRA ACT 2601

Tel: 133 550

Fax: 02 6268 5683

APPENDIX 10

Glossary of terms

ADS(B)	Automatic Dependent Surveillance (Broadcast)
ADMS	Aeronautical Data Management System
AFC	Australian Fire Competencies
AFTN	Aeronautical Fixed Telecommunications
ALC	Airport Lessee Companies
AMMS	Asset Management and Maintenance System
ANEI	Australian Noise Exposure Index
ANTA	Australian National Training Authority
ARFF	Aviation Rescue and Firefighting
ARINC	Aeronautical Radio Inc.
ATM	Air Traffic Management
ATS	Air Traffic Services
ATC	Air Traffic Control(ler)
ATSB	Australian Transport Safety Bureau
AusFIC	Australian Flight Information Centre
AWA	Australian Workplace Agreement
BCO	Brisbane Centre of Operations
CAAC	Civil Aviation Authority China
CAC Act	Commonwealth Authorities and Companies Act 1997
CASA	Civil Aviation Safety Authority
CI	Cultural Intervention
CNS/ATM	Communications Navigation Surveillance/Air Traffic Management
COG	Commercial Operations Group
CPDLC	Controller Pilot Data Link Communications
DARPS	Dynamic Airborne Route Planning
DGAC	Directorate General of Air Communications
DME	Distance Measuring Equipment
DoTRS	Department of Transport and Regional Services
EMS	Environment Management System
E&D	Equity and diversity
FAA	Federal Aviation Authority (US)
FIR	Flight Information Region

FOI	Freedom of Information
GAAP	General Aviation Airport Procedures
GBE	Government Business Enterprise
GNSS	Global Navigation Satellite System
GPS	Global Positioning System
GRAS	Ground-based Augmentation System
GST	Goods and Services Tax
HF	High Frequency
HR	Human Resources
ICAO	International Civil Aviation Organisation
ILS	Instrument Landing System
IMC	Implementation and Monitoring Committee
INTERFET	International Force East Timor
IT	Information Technology
LDI	Leadership Development Initiative
LTOP	Long Term Operating Plan
MCO	Melbourne Centre Operations
MOA	Memorandum Of Agreement
NAIPS	National Aeronautical Information Processing System
NFPMS	Noise Flight Path Monitoring System
NOI	Notice Of Intention
NOTAM	Notice to Airman
OH&S	Occupational Health and Safety
OLI	Open Learning Institute
OSG	Operations Support Group
PDC	Pre-Departure Clearance
PRM	Precision Runway Monitor
RPT	Regular Public Transport
RTW	Return To Work
RVSM	Reduced Vertical Separation Minima
TAAATS	The Australian Advanced Air Traffic System

UHF	Ultra High Frequency
UNTAET	United Nations Transitional Administration of East Timor
VHF	Very High Frequency
VSM	Vertical Separation Minimum
Y2K	Year 2000

APPENDIX 11

Compliance Index

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